

Prospective purchasers of derivatives and structured Products (the "Products") should ensure that they understand the nature of the relevant Products and the extent of their exposure to risks, including the risk of loss of their original investment, and that they consider the suitability of the relevant Products as an investment in the light of their own circumstances and financial condition. Products involve a high degree of risk, including in certain cases the risk of total loss of the purchase price. Potential investors are in particular asked to review the section "Risk Factors relating to the Products" starting on page 5. The contents of this Offering Circular are not to be construed as legal, business or tax advice. Each prospective investor should consult his or her attorney or business and tax adviser as to legal, business and tax advice.

DERIVATIVE AND STRUCTURED PRODUCT PROGRAMME

OFFERING CIRCULAR

dated June 21, 2013

Any Products issued on or after the date of this Offering Circular (the "Offering Circular") are issued subject to the provisions described herein.

Under the terms of their derivative and structured product programme (the "Programme"), Neue Helvetische Bank AG, acting through its office in Zurich ("NHB" or the "Issuer") may from time to time issue Products, such term to include warrants ("Warrants"), certificates ("Certificates") and structured notes ("Notes") of any kind, including, but not limited to, all products contained in the Swiss Derivative Map[®], as amended from time to time by the Swiss Structured Products Association (together the "Products"). Such Products will be linked e.g. to a specified index or a basket of indices, a specified share or a basket of shares, a specified debt instrument or a basket of debt instruments, a specified currency or a basket of currencies or a specified commodity or a basket of commodities, a specified reference portfolio, or linked to any further relevant assets meant to serve as relevant asset (each a "Relevant Asset" or the "Relevant Asset(s)").

Products issued under this Programme may be listed on the SIX Swiss Exchange AG, Switzerland ("SIX Swiss Exchange"), respectively, admitted to trading on SCOACH, the trading platform of Scoach Schweiz AG or any successor thereof ("SCOACH"), if the terms of the relevant Pricing Supplement provide for such a listing. This Programme has been approved by the Regulatory Board of the SIX Swiss Exchange and has been registered with the SIX Swiss Exchange as an Issuance Programme pursuant to Art. 22 of the SIX Swiss Exchange Additional Rules for the Listing of Derivatives. NHB has been admitted as new issuer of derivatives by SIX Swiss Exchange Regulation based on an exception from the requirement of existence of three years according to Art. 11 and 12 of the SIX Swiss Exchange Listing Rules. Together, this Programme as amended or supplemented and the relevant Pricing Supplement comprise the Listing Prospectus pursuant to Art. 21 Para. 3 of the Additional Rules for the Listing of Derivatives. The Issuer reserves the right to set forth all information which may be required to be disclosed in a simplified prospectus pursuant to Art. 5 Swiss Federal Collective Investment Schemes Act ("CISA"), the Swiss Bankers Association's Guidelines on informing investors about structured products, and in the form of Annex 3 hereof, in a separate document referred to as a "Final Termsheet" and/or "Simplified Prospectus" for Products both listed or not listed on SIX Swiss Exchange.

Each issue of Products will be issued on the general terms and conditions of the Products set out herein which are applicable to such Products (the "Terms and Conditions"; each a "Condition") and on such additional terms as will be set out in a pricing supplement (the "Pricing Supplement") relating thereto. If multiple Products with a similar structure and standard terms are issued (the terms "similar structure" and "standard terms" as interpreted by a reasonable discretion of the Issuer), the Issuer is at liberty to prepare a single Pricing Supplement covering all these Products if - and only if - such a single Pricing Supplement is permissible under the applicable laws and regulations. A description of the Pricing Supplement is set out herein on page 49 and will specify with respect to the issue of the Products to which it relates, inter alia and where applicable, the specific designation of the Products, the aggregate number and type of the Products, the date of issue of the Products, the issue price, the exercise price, the Relevant Asset, index or other item(s) to which the Products relate, the exercise period or date, the applicable interest terms and certain other terms relating to the offering and sale of the Products. The Pricing Supplement supplements the Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the Terms and Conditions, supplement, replace or modify the Conditions.

Each issue of Products will entitle the Holder thereof (the "Holder of the Products") (upon exercise or redemption and subject to certification as to non-U.S. beneficial ownership) either to receive a cash amount or the Relevant Asset or coupons if and as specified in the Terms and Conditions and the applicable Pricing Supplement (each a "Coupon" and collectively the "Coupons").

If not otherwise specified in the applicable Pricing Supplement, each issue of Products and Coupons (if any) will be represented by a permanent global certificate according to Art. 973b of the Swiss Code of Obligations ("CO") (each a "Permanent Global Certificate") which will be issued and, as the case may be, deposited at a global depository, such as SIX SIS AG, Olten ("SIS"), DEXIA Banque Internationale à Luxembourg, acting as global depository for Euroclear (as defined below) or Clearstream Luxembourg (as defined below), or any other suitable global depository selected by the Issuer. Definitive Products and Coupons, if any, shall only be issued by the Issuer in the event of the Issuer's default or if SIS goes out of business without a successor. If issued, definitive Products and Coupons, if any, shall exclusively be issued in registered form. The Issuer shall arrange for the printing of the definitive Products and Coupons, if any, in registered form at their own cost and arrange for delivery of the definitive Products and Coupons, if any, to SIS, Euroclear Bank S.A. / N.V., as operator of the Euroclear system ("Euroclear") or Clearstream Banking, société anonyme ("Clearstream Luxembourg"), as the case may be, for distribution (free of charge) to the Holders of the Products and Coupons.

If specified in the applicable Pricing Supplement, Products will be booked into the SIS system as uncertificated securities (*unverurkundete Wertrechte*) according to Art. 973 lit. c of the Swiss Code of Obligations ("CO") and Art. 3 of the Swiss Federal Intermediated Securities Act ("FISA") and thereby become Intermediated Securities (*Bucheffekten*) (the "Intermediated Securities"). The integration of Intermediated Securities into the SIS-giro-system is based on an agreement concluded between SIS and the Issuer. The creation of a supply of Intermediated Securities is constitutive and replaces the issuance of individual security deeds or a global security deed. SIS may effect changes to the supply of Intermediated Securities (increase/decrease) in accordance with instructions given by the Issuer. After the creation of the Intermediated Securities supply, transactions in Intermediated Securities will be effected through securities accounts in accordance with the general terms and conditions of SIS and the further body of rules and regulations pursuant to Art. 10 of the general terms and conditions of SIS. The rights arising from the terms of the Products exist vis-à-vis the relevant Issuer and may be asserted against such Issuer with the respective supply disclosure statement issued by SIS. No legal claims with respect to Intermediated Securities, irrespective of their booking, may be asserted against SIS.

The Products do not constitute a collective investment scheme as defined in the Federal Collective Investment Schemes Act (CISA) and are not subject to authorisation by the Swiss Financial Markets Supervisory Authority FINMA.

NEUE HELVETISCHE BANK AG
(incorporated with limited liability in Switzerland)

The Issuer accepts responsibility for the information contained in this document. The Issuer has (to the best of its knowledge and belief) taken all reasonable care to ensure that the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

The relevant Pricing Supplement will specify the nature of the responsibility taken by the Issuer for the information relating to the Relevant Asset(s) to which the Products described in that Pricing Supplement relate. However, unless otherwise expressly stated in the applicable Pricing Supplement, any information contained therein relating to the Relevant Asset(s) to which the Products relate will only represent an extract from, or a summary of, the financial information or other information released publicly by the issuer, owner or sponsor, as the case may be, of such Relevant Asset(s) to which the relevant Product relate. Unless otherwise expressly stated in the applicable Pricing Supplement, the Issuer accepts responsibility for accurately reproducing such extracts or summaries (insofar as it is applicable) but does not accept any further or other responsibility in respect of such information.

No person is authorised to give any information or to make any representation not contained in or not consistent with this document or any other information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer or any manager of an issue of Products (as applicable to such issue of Products (the "Managers" and each a "Manager")). If any Managers are appointed they shall be specified in the Pricing Supplement. This document does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Products or the distribution of this document in any jurisdiction where any such action is required.

This document is to be read and construed in conjunction with any amendment or supplement hereto, with any Pricing Supplement hereto, and with any Simplified Prospectus (where applicable).

This Offering Circular, together with the Issuer's annual reports 2012 and 2011, provides information with regard to the Issuer and the Products' issue under the Programme. The Pricing Supplement prepared in connection with any issue of Products and any other supplements to this Offering Circular will form an integral part hereof. The Issuer has undertaken to make available at his office in Zurich, free of charge for Holders of Products the latest annual reports of the issuer of the respective Relevant Asset to which Products relate.

The Products will be exercisable or redeemed in the manner set forth herein and in the applicable Pricing Supplement. Upon exercise or redemption, the Holder of a Product will be required to certify (in accordance with the provisions outlined in "Subscription and Sale" below) that it is not a U.S. person or a person who has purchased such Products for resale to, or for the account or benefit of, U.S. persons and that it is not exercising such Product on behalf, or for the account or benefit, of a U.S. person.

The Products of each issue may be sold by the Issuer and/or any Manager at such time and at such prices as the Issuer and/or the Manager(s) may select. There is no obligation upon the Issuer or any Manager to sell all of the Products of any issue. The Products of any issue may be offered or sold from time to time in one or more transactions in the over-the-counter market or otherwise at prevailing market prices or in negotiated transactions, at the discretion of the Issuer.

No Manager has separately verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by any Manager as to the accuracy or completeness of the information contained in this Offering Circular or any other information provided by the Issuer. No Manager accepts any liability in relation to the information contained in this Offering Circular or any other information provided by the Issuer in connection with the Programme.

Neither this Offering Circular nor any other information supplied in connection with the Programme (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer or any Manager that any recipient of this Offering Circular or any other information supplied in connection with the Programme should purchase any Products. Each investor contemplating purchasing Products under this Programme should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. No representation is made to any offeree or purchaser of the Products regarding the legality of an investment therein by such offeree or purchaser under any applicable legal investment or similar laws or regulations. The contents of this Offering Circular are not to be construed as legal, business or tax advice. Each prospective investor should consult his or her attorney or business and tax adviser as to legal, business and tax advice. Neither this Offering Circular nor any other information supplied in connection with the Programme constitutes an offer or an invitation by or on behalf of the Issuer or any Manager or any person to subscribe for or to purchase any Products.

The delivery of this Offering Circular does not at any time imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. No Manager undertakes to review the financial condition or affairs of the Issuer during the life of the Programme. Investors should review, *inter alia*, the most recently published annual and semi-annual financial statements, if any, of the Issuer when deciding whether or not to purchase any Products.

The distribution of this Offering Circular and the offering of Products in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer and each Manager to inform themselves about and to observe any such restrictions. In particular, the Products have not been and will not be registered under the U.S. Securities Act of 1933, as amended. Products, or interests therein, may not at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons and any offer, sale, resale, trade or delivery made, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. person will not be recognised. For a description of certain further restrictions on offers and sales of the Products and on the distribution of this Offering Circular, see "Subscription and Sale" below.

In this Offering Circular all references to "CHF" and "Swiss Francs" are to the official currency of Switzerland, all references to "U.S.\$", "\$" and "U.S. dollars" are to United States dollars, all references to "British pounds", "Sterling", "GBP", "STG" and "£" are to the lawful currency of the United Kingdom, all references to "Swedish Krona" and "SEK" are to the lawful currency of Sweden, all references to "Japanese Yen", "JPY" and "¥" are to the lawful currency of Japan and all references to "Euro", "EUR" and "€" are to the lawful currency of the member states of the European Union that have adopted or adopt the single currency in accordance with the Treaty establishing the European Communities, as amended by the Treaty on European Union (the "Treaty").

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RISK FACTORS RELATING TO THE PRODUCTS

The following section does not describe all of the risks and other ramifications of an investment in Products, including risks resulting from the amounts payable or deliverable in respect thereof being determined by reference to one or more equity or fixed income securities, indices or other Relevant Assets or being dependent on the credit performance of one or more specified entities. The Issuer disclaims any responsibility to advise prospective investors of such risks as they exist at the date of this Offering Circular or as they change from time to time. Prospective investors should consult their own financial and legal advisers about risks associated with an investment in the Products and the suitability of investing in the Products in light of their particular circumstances. In particular, Products where the amount payable or deliverable in respect thereof is determined by reference to one or more equity or fixed income securities, indices or other Relevant Assets which will be specified in the applicable Pricing Supplement or Products which are dependent on the credit performance of one or more specified entities, are not an appropriate investment for investors who are unsophisticated with respect to such transactions.

Investors should also refer to additional risk factors set out in the relevant Pricing Supplement prepared in connection with the issue of Products. Such risk factors will replace the risk factors set out below to the extent that (if any) they conflict with the risk factors set out below.

General Considerations

Products involve a high degree of risk, which may include, among others, market risks such as interest rate risk or foreign exchange risk, credit risk, counterparty risk, time value or political risks. Prospective purchasers of Products should recognise that Products, other than any Products having a minimum expiration value, may expire worthless. Purchasers should therefore be prepared to sustain a total loss of the purchase price of the Products, except, if so indicated in the Pricing Supplement, to the extent of any minimum expiration value attributable to such Products. This risk is inter alia reflected in the nature of Warrants which, other factors held constant, tend to decline in value over time and which may become worthless when they expire (except to the extent of any minimum expiration value). See "Certain Factors Affecting the Value and Trading Price of Products" below. Prospective purchasers of Products should be experienced with respect to derivatives and derivative transactions, should understand the risks of transactions involving the relevant Products and should reach an investment decision only after careful consideration, with their advisers, of the suitability of such Products in light of their particular financial circumstances, the information set forth herein and the information regarding the relevant Products and the basis of the Relevant Asset to which the value of the relevant Products may relate, as specified in the applicable Pricing Supplement.

The risk of the loss of some or all of the purchase price of certain Products upon expiration means that, in order to recover and realise a return upon his or her investment, a purchaser of certain Products must generally be correct about the direction, timing and magnitude of an anticipated change in the value of the Relevant Asset specified in the applicable Pricing Supplement. As regards Warrants assuming all other factors remain unchanged, the more they are "out-of-the-money" and the shorter their remaining term to expiration, the greater the risk that purchasers of such Warrants will lose all or part of their investment. With respect to certain European-style Products, the only means through which a Holder can realise value from such Products prior to the Exercise Date in relation to such Products is to sell them at their current market price in an available secondary market. See "Possible Illiquidity of the Secondary Market" below.

Fluctuations in the value of the relevant index or basket of indices will affect the value of Products relating thereto. Fluctuations in the price of the relevant equity security or value of the basket of equity securities will affect the value of Products relating thereto. Fluctuations in the price or yield of the relevant debt instrument or value of the basket of debt instruments will affect the value of Products relating thereto. Also, if a Product relates to a debt instrument as the Relevant Asset, then,

due to the character of the particular market on which a debt instrument is traded, the absence of last sale information and the limited availability of quotations for such debt instrument may make it difficult for many investors to obtain timely, accurate data for the price or yield of such debt instrument. Fluctuations in the value of the relevant commodity or basket of commodities will affect the value of Products relating thereto. Fluctuations in the value of the relevant currency or basket of currencies will affect the value of Products relating thereto. Purchasers of certain Products risk losing their entire investment if the value of the Relevant Asset does not move in the anticipated direction.

If Products relating to particular Relevant Assets are subsequently issued, the supply of Products in the market will increase which could cause the price at which such Products trade in the secondary market to decline significantly.

Products are unsecured Obligations

The Products and Coupons constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank *pari passu* with all present and future, unsecured and unsubordinated obligations without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law. The Issuer may issue several issues of Products relating to various Relevant Assets which will be specified in the applicable Pricing Supplement. However, no assurance can be given that the Issuer will issue any Products other than the Products to which a particular Pricing Supplement relates. At any given time, the number of Products outstanding may be substantial.

Products provide opportunities for investment and pose risks to investors as a result of fluctuations in the value of the Relevant Asset. In general, certain of the risks associated with the Products are similar to those generally applicable to other options, warrants, certificates or notes of private issuers. Warrants, certificates and notes relating to equity or debt securities are priced primarily on the basis of the value of the Relevant Asset. The trading value of Products relating to currencies or commodities is likely to reflect primarily present and expected values of the reference currency (or basket of currencies) or commodity (or basket of commodities) specified in the applicable Pricing Supplement.

Counterparty Risk

Investors bear the issuer risk. A Product's value is dependent not only on the development of its Relevant Asset, but also on the creditworthiness of its Issuer, which may vary over the term of the Product. In case of the Issuer's insolvency, a Product may not be treated as an investor's asset, but as an investor's claim versus the Issuer. In the event of default, such a claim will be uncertain. The Issuer is regulated under the Swiss Banking Law and stands under the prudential supervision of the Swiss Financial Market Supervisory Authority FINMA.

Certain Factors affecting the Value and Trading Price of Products

The Cash Settlement Amount (in the case of Cash Settled Products) or the Entitlement (in the case of Physical Delivery Products) at any time prior to expiration is typically expected to be less than the trading price of such Products at that time. The difference between the trading price and the Cash Settlement Amount or the Entitlement, as the case may be, will reflect, among other things, a **"time value"** for the Products. The **"time value"** of the Products will depend partly upon the length of the period remaining to expiration and expectations concerning the value of the relevant security (or basket of securities), index (or basket of indices), currency (or basket of currencies), commodity (or basket of commodities) or other Relevant Assets as specified in the applicable Pricing Supplement. Products offer hedging and investment diversification opportunities but also pose some additional risks with regard to interim value. The interim value of Products varies with the price level of the Relevant Assets of the Products and specified in the applicable Pricing Supplement, as well as by a number of other interrelated factors, including those specified herein.

Before exercising or selling Products, Holders of Products should carefully consider, among other things, (i) the trading price of the Products they wish to exercise or sell, (ii) the value and volatility of the Relevant Asset specified, (iii) the time remaining to expiration, (iv), in the case of Cash Settled Products, the probable range of Cash Settlement Amounts, (v) any change(s) in interim interest rates and dividend yields, (vi) any change(s) in currency exchange rates, (vii) the depth of the market or liquidity of the Relevant Asset specified and (viii) any related transaction costs.

Limitations on Exercise

If so indicated in the Pricing Supplement, the Issuer will have the option to limit the number of Products exercisable on any date (other than the final exercise date) to the maximum number specified in the Pricing Supplement and, in conjunction with such limitation, to limit the number of Products exercisable by any person or group of persons (whether or not acting in concert) on such date. In the event that the total number of Products being exercised on any date (other than the final exercise date) exceeds such maximum number and the Issuer elects to limit the number of Products exercisable on such date, a Holder of Products may not be able to exercise on such date all Products that such Holder desires to exercise.

In any such case, the number of Products to be exercised on such date will be reduced until the total number of Products exercised on such date no longer exceeds such maximum, such Products being selected at the discretion of the Issuer or in any other manner specified in the applicable Pricing Supplement.

Minimum Exercise Amount

If so indicated in the Pricing Supplement, a Holder of Products must tender a specified number of Products at any one time in order to exercise them. Thus, Holders of Products with fewer than the specified minimum number of Products will either have to sell their Products or purchase additional Products, incurring transaction costs in each case, in order to realise their investment. In such situations, also, Holders of that Product incur the risk that there may be differences between the trading price of that Product and the value of that Product.

Certain Considerations regarding Hedging

Prospective purchasers intending to purchase Products to hedge against the market risk associated with investing in a Relevant Asset specified in the applicable Pricing Supplement should recognise the complexities of utilising Products in this manner. For example, the value of the Products may not exactly correlate with the value or movements of the Relevant Asset specified in the applicable Pricing Supplement.

In addition, due to fluctuating supply and demand for the Products, there is no assurance that their value will correlate with movements of the Relevant Asset specified in the applicable Pricing Supplement. For these reasons, among others, it may not be possible for an investor to purchase or liquidate the Relevant Assets at prices used to calculate the value of the Relevant Assets.

In the case of Products relating to Relevant Assets, the Issuer may from time to time hedge the Issuer's obligations under such Products by taking positions, directly or indirectly, in the Relevant Assets. Although the Issuer has no reason to believe that such hedging activities will have a material impact on the price of the Relevant Assets, there can be no assurance that such hedging activities will not adversely affect the value of the Products.

Time Lag after Exercise

Unless otherwise specified in the Pricing Supplement, in the case of any exercise of Products, there will be a time lag between the time a Holder of Products gives instructions to exercise and the time the applicable Cash Settlement Amount (in the case of Cash Settled Products) relating to such exercise is determined. Any such delay between the time of exercise and the determination of the Cash Settlement Amount will be specified in the applicable Pricing Supplement or the applicable Terms and Conditions. However, such delay could be significantly longer, particularly in the case of a delay in exercise of Products arising from any daily maximum exercise limitation, or the occurrence of a Market Disruption Event or failure to open of an exchange or related exchange (if applicable), or following the imposition of any exchange controls or other similar regulations affecting the ability to obtain or exchange any relevant currency (or basket of currencies) in the case of Products relating thereto. The applicable Cash Settlement Amount may change significantly during any such period, and such movement or movements could decrease the Cash Settlement Amount of the Products being exercised and may even result in such Cash Settlement Amount being zero.

Exchange Rates

Prospective purchasers of Products should be aware that an investment in the Products may involve exchange rate risks. For example (i) the Relevant Asset may be denominated in a currency other than that of the Products, (ii) the Products may be denominated in a currency other than the currency of the purchaser's home jurisdiction and/or (iii) the Products may be denominated in a currency other than the currency in which a purchaser wishes to receive funds.

Exchange rates between currencies are determined by factors of supply and demand in the international currency markets which are influenced by macro economic factors, complex political factors, speculation, central bank and government intervention (including the imposition of currency controls and restrictions) and other market forces. Fluctuations in exchange rates may affect the value of the Products.

Fluctuations in exchange rates might also affect Products in the case of conversion of gains or losses from the exercise or sale of such Products into the respective home currency of investors.

Where the calculation of any Cash Settlement Amount involves a currency conversion (for example between the currency of a share serving as Relevant Asset to which the value of the Products may relate and the Settlement Currency) fluctuations in the relevant exchange rate will directly affect the value of the relevant Products.

Certain additional Risk Factors associated with Products relating to Currencies or Commodities

Fluctuations in exchange rates of the relevant currency (or basket of currencies) will affect the value of Products relating thereto. Furthermore, investors who intend to convert gains or losses from the exercise or sale of Products into their home currency may be affected by fluctuations in exchange rates between their home currency and the relevant currency (or basket of currencies). Purchasers of certain Products relating to currencies or commodities risk losing their entire investment if exchange rates of the relevant currency (or basket of currencies) do not move in the anticipated direction.

Certain additional Risk Factors associated with Actively Managed Certificates ("AMCs")

The risks of an investment in AMCs are similar to the risks of a direct investment in the Relevant Asset. The performance of an AMC depends on the performance of the Relevant Asset(s) and the quality of the decisions made by the Reference-Portfolio Adviser (See Condition 17(F)). Past performance is not a guarantee for future developments and the performance is not foreseeable at the point in time of the investment decision. Furthermore, it is not certain that all Adjustments of the

Reference-Portfolio intended by the Reference-Portfolio Adviser may be implemented and its expectations regarding the development of the value of the Product will be fulfilled. A total loss of the investment may occur, if the Relevant Asset(s) become worthless.

Interest Rates

Prospective purchasers of the Products should be aware that an investment in the Products may involve interest rate risk in that the intrinsic value of a Product will be sensitive to fluctuations in interest rates.

Interest rates are determined by factors of supply and demand in the international money markets which are affected by macro economic factors, complex political factors, speculation, central bank and government intervention and other market forces. Fluctuations in short term and/or long term interest rates may affect the value of the Products. Fluctuations in interest rates of the currency in which the Products are denominated and/or fluctuations in interest rates of the currency or currencies in which the Relevant Asset is denominated may affect the value of the Products.

Option to vary Settlement

Unless the applicable Pricing Supplement in respect of any Products indicates otherwise, the Issuer has an option to vary settlement in respect of such Products. The Issuer may, at its sole and unfettered discretion, elect (1) not to pay the relevant Holders of Products the Cash Settlement Amount, but to deliver or procure delivery of the Entitlement or (2) not to deliver or procure delivery of the Entitlement, but to make payment of the Cash Settlement Amount on the Settlement Date to the relevant Holders of Products.

Possible Illiquidity of the Products in the Secondary Market

It is not possible to predict the price at which Products will trade in the secondary market or whether such market will be liquid or illiquid. Pricing information for the Products may be difficult to obtain and the liquidity of the Products may be adversely affected. Also, to the extent Products of a particular issue are exercised, the number of Products of such issue outstanding will decrease, resulting in a diminished liquidity for the remaining Products of such issue. A decrease in the liquidity of an issue of Products may cause, in turn, an increase in the volatility associated with the price of such issue of Products.

The Issuer may, but is not obligated to, at any time purchase Products at any price in the open market or by tender or private treaty. Any Products so purchased may be held or resold or cancelled. The Issuer may, but is not obliged to, be a market maker for an issue of Products. Even if the Issuer acts as a market maker for an issue of Products, the secondary market for such Products may be limited. To the extent that an issue of Products becomes illiquid, an investor may have to exercise such Products to realise value.

Fluctuations in Market Volatility may affect the Value of certain Products

Market volatility reflects the degree of instability and expected instability of the performance of a Relevant Asset over time. The level of market volatility is not purely a measurement of the actual market volatility, but is largely determined by the prices for Products that offer investors protection against such market volatility. The prices of these instruments are determined by forces of supply and demand in the options and derivatives markets. These forces are, in turn, affected by factors such as actual market volatility, expected market volatility, other economic and financial conditions, and trading speculation.

The Issuer has not investigated the Relevant Assets to which the Value of the relevant Products may relate.

The Relevant Assets are selected without regard for the value, price performance, volatility or investment merit of such reference instrument. In particular, the Issuer has not performed any investigation or review of any company issuing any reference security, including any public filings by such companies.

Investors should not conclude that the inclusion of the securities of any company is any form of investment recommendation by the Issuer. Consequently, there can be no assurance that all events occurring prior to the relevant issue date of the relevant Products (including events that would affect the accuracy or completeness of the publicly available documents described in this paragraph or in any annex (if applicable) to any relevant Pricing Supplement) that would affect the trading price of the Relevant Asset will have been publicly disclosed. Subsequent disclosure of any such events or the disclosure of or failure to disclose material future events concerning a company issuing any reference security could affect the trading price of the Relevant Asset and therefore the trading price of the Products.

Potential Conflicts of Interest

The Issuer may from time to time engage in transactions involving one or more of the Relevant Assets for its proprietary accounts and for other accounts under its management. The Issuer may also act as underwriter in connection with future offerings of shares or other securities to which Products relate or financial adviser to certain companies or companies whose shares or other securities serve as Relevant Assets or which are included in a basket of securities serving as Relevant Asset or may otherwise act in a commercial banking capacity for such companies (including extending loans to, making equity investments in, or providing advisory services to such company). Such activities could present certain conflicts of interest, could influence the prices of such shares or other securities and could adversely affect the value of such Products.

No issuer of Relevant Assets is involved in the offering of Products related to itself in any way and has no obligation to consider the interests of the Holders of Products in taking any corporate actions that might affect the value of the Products. No proceeds from the offering of Products are received by a related issuer of Relevant Assets. On the other hand, it follows from this separation that the Issuer will also not be able to provide for the exercise of any voting rights, or delivery of rights or title to the shares serving as Relevant Asset(s) of the relevant Product following any such corporate action or business engagement by the issuers of Relevant Assets and/or their affiliates.

Illegality or Disruption

If the Issuer determines that its performance under any Products or that any arrangements made to hedge the Issuers obligations under any Products have become illegal or disrupted in whole or in part for any reason, such Issuer may cancel such Products and pay the Holder of each such Products an amount equal to the fair market value of such Products notwithstanding such illegality or disruption less the cost to such Issuer and/or any of its agents of unwinding any Relevant Asset related hedging arrangements plus, if already paid, the Exercise Price, if any, all as determined by the Calculation Agent in its sole and absolute discretion.

Market Disruption Event

If an issue of Products includes provisions dealing with the occurrence of a Market Disruption Event or a failure to open of an exchange or related exchange on a Valuation Date or an Averaging Date and the Calculation Agent determines that a Market Disruption Event or such failure has occurred or exists on a Valuation Date or an Averaging Date, any consequential postponement of the Valuation

Date or Averaging Date or any alternative provisions for valuation provided in any Products may have an adverse effect on the value of such Products.

Settlement Disruption Event

In the case of Physical Delivery Products, if a Settlement Disruption Event occurs or exists on the Settlement Date, settlement will be postponed until the next Settlement Business Day on which no Settlement Disruption Event occurs. The Issuer in these circumstances also has the right to pay the Disruption Cash Settlement Price (as defined in the Terms and Conditions) in lieu of delivering the Entitlement. Such a determination may have an adverse effect on the value of the relevant Products.

Subprime Exposure

Money market instruments such as treasury bills, certificates of deposit and short-term commercial debt, including money market funds, may serve as Relevant Assets of the Products. Although money market instruments used to be considered virtually risk-free, some of the largest money market funds have been putting part of their cash into collateralised debt obligations backed by subprime mortgage loans. Since subprime debt must be considered far from safe, such an investment may create tremendous risks for investors.

Market Risk

The Issuer's various businesses may be adversely impacted by global market and economic conditions that may cause fluctuations in interest rates, exchange rates, equity and commodity prices and credit spreads.

The financial services industry and the global financial markets are influenced by numerous unpredictable factors including economic conditions, monetary and fiscal policies, the liquidity of global markets, availability and cost of capital, international and regional political events, acts of war or terrorism and investor sentiment. Changes in these factors may result in volatility in interest rates, exchange rates, equity and commodity prices, and credit spreads. The Issuer has some trading and investment positions, which include proprietary trading positions in fixed income, currency and equity securities, as well as in other investments. The Issuer may incur losses as a result of increased market volatility, as these fluctuations may adversely impact the valuation of its trading and investment positions. Conversely, a decline in volatility may adversely affect the results in the Issuer's trading businesses, which depend on market volatility to create client and proprietary trading opportunities.

Credit Risk

The Issuer may incur losses from its credit exposure related to trading, lending, and other business activities.

The Issuer is exposed to the potential for credit-related losses that can occur as a result of an individual, counterparty or issuer being unable or unwilling to honor its contractual obligations. These credit exposures exist within lending relationships, commitments, letters of credit, derivatives, foreign exchange and other transactions. These exposures may arise, for example, from a decline in the financial condition of a counterparty, from a decrease in the value of securities of third parties held by the Issuer as collateral, from entering into swap or other derivative contracts under which counterparties have long-term obligations to make payments to the Issuer, and from extending credit to clients through loans or other arrangements. An increase in the Issuer's credit exposure could have an adverse effect on its business and profitability if credit losses exceed credit provisions.

Operational Risk

The Issuer may incur losses from inadequate or failed internal processes, people and systems or from external events.

The Issuer may incur losses arising from its exposure to operational risk. Financial services firms, including the Issuer, are exposed to the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. Such operational risks may include, for example, exposure to natural or man-made disasters, mistakes made in the confirmation or settlement of transactions or from improper recording, evaluating or accounting for transactions. The Issuer could suffer financial loss, disruption of its business, liability to clients, regulatory intervention or reputational damage, which would affect its business and financial condition.

Liquidity Risk

The Issuer's business and financial condition may be adversely impacted by an inability to borrow funds or sell assets to meet maturing obligations.

Financial services firms, including the Issuer, are exposed to liquidity risk, which is the potential inability to repay short-term borrowings with new borrowings or assets that can be quickly converted into cash while meeting other obligations and continuing to operate as a going concern. The Issuer's liquidity may be impaired due to circumstances that it may be unable to control, such as general market disruptions or an operational problem that affects its trading clients, third parties or itself. The Issuer's ability to sell assets may also be impaired if other market participants are seeking to sell similar assets at the same time. The inability of the Issuer to borrow funds or sell assets to meet maturing obligations, a negative change in its credit ratings, which would have an adverse effect on its ability to borrow funds, or regulatory capital restrictions imposed on the Issuer may have a negative effect on its business and financial condition.

Litigation Risk

Legal proceedings could adversely affect the Issuer's operating results and financial condition for a particular period and impact its credit ratings.

Regulatory and Legislative Risks

Many of the Issuer's businesses are highly regulated and could be adversely impacted by regulatory and legislative initiatives around the world.

Competitive Environment

Competitive pressures in the financial services industry in which the Issuer operates could adversely affect its business and results of operations.

The Issuer competes globally for individual and institutional clients on the basis of price, the range of products that it offers, the quality of its services, its financial resources, and product and service innovation. The financial services industry continues to be affected by an intensifying competitive environment, as demonstrated by the introduction of new technology platforms, consolidation through mergers, increased competition from new and established industry participants and diminishing margins in many mature products and services. The Issuer competes for investment funds with mutual fund management companies, insurance companies, finance and investment advisory companies, banks, trust companies and other institutions. In addition, the Issuer's business is substantially dependent on its continuing ability to compete effectively to attract and retain qualified employees, including successful financial advisers, investment bankers, trading professionals and other revenue-producing or support personnel.

Benchmark and Reference Rates related Risks

Benchmarks and/or other reference rates (e.g. LIBOR, EURIBOR, ISDAfix, or other reference rates) that may be relevant for the pricing of Products may be inaccurate or incorrect due to calculation errors, negligence or fraud and/or be subject to future regulation or reforms that may impact the calculation of such benchmarks. This may adversely affect the evaluation or the pricing of the Products and cause losses to Holders of Products.

Changes in Tax Law

Tax law and practice is subject to change, possibly with retrospective effect and this could adversely affect the value of the Products to the Holder of the Products and/or the market value of the Products. Any such change may (i) cause the tax treatment of the relevant Products to change from what the Holder of the Product understood the position to be at the time of purchase; (ii) render the statements in this Programme concerning relevant tax law and practice in relation to Products under the Programme to be inaccurate or to be inapplicable in some or all respect to certain Products or to not include material tax considerations in relation to certain Products; or (iii) give the Issuer the right to amend the Terms and Conditions of the Products, or redeem the Products, if such change has the effect that the Issuer's performance under the Product is unlawful or impracticable.

Prospective purchasers of any Products should consult their own tax advisers in relevant jurisdictions about the tax implications of holding any Product and of any transaction involving any Product.

Swiss Bankers Association's Brochure "Special Risks in Securities Trading"

Potential Holders of the Products should refer to the Swiss Bankers Association's brochure "Special Risks in Securities Trading" (download: <http://www.swissbanking.org/en/home/shop.htm>), as amended from time to time, which shall be deemed to be incorporated in, and to form part of, the Offering Circular, for a more detailed description of the risks associated with an investment in the Products. Holders of the Products are deemed to have read and understood and, if necessary discussed this brochure and the explanations contained therein with their legal, tax and financial advisers.

TERMS AND CONDITIONS OF THE PRODUCTS

The following is the text of the Terms and Conditions of the Products.

Each issue of Products will, if not otherwise specified in the applicable Pricing Supplement, be represented by a permanent global certificate according to Art. 973b Swiss Code of Obligations ("CO") (the "**Permanent Global Certificate**") which will be issued and deposited with SIX SIS AG, Olten ("SIS"). Definitive Products and coupons, if any, to which a Holder of Products is entitled according to the applicable Pricing Supplement (each a "**Coupon**" and collectively the "**Coupons**") shall only be issued by the Issuer in the event of default by the Issuer or if SIS goes out of business without a successor. If issued, definitive Products and Coupons, if any, shall exclusively be issued in registered form. The Issuer shall arrange for the printing of the definitive Products and Coupons in registered form at their own cost and arrange for delivery of the definitive Products and Coupons to SIS, Euroclear Bank S.A./N.V., as operator of the Euroclear system ("**Euroclear**") or Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"), as the case may be, for distribution (free of charge) to the Holders of the Products and Coupons. The Holders of the definitive Products and Coupons, if any, shall be registered in the register of Holders of the definitive Products and Coupons, if any, kept by a registrar to be appointed by the Issuer at the time of issuance of the definitive Products and Coupons, if any, in registered form.

If specified in the applicable Pricing Supplement, Products will be booked into the SIS system as uncertificated securities according to Art. 973c CO (*unverurkundete Wertrechte*) (the "**Uncertificated Securities**"). The integration of Uncertificated Securities into the SIS-giro-system is based on an agreement concluded between SIS and NHB. Once the Uncertificated Securities are registered in the Main Register of the Clearing System and entered into the accounts of one or more participants of the Clearing System, the Products will constitute Intermediated Securities (*Bucheffekten*) according to Art. 3 Para. 1 of the Swiss Federal Intermediated Securities Act (*Bucheffektengesetz*) ("**FISA**") (the "**Intermediated Securities**"). The creation of a supply of Intermediated Securities is constitutive and replaces the issuance of individual security deeds or a global security deed. SIS may effect changes to the supply of Intermediated Securities (increase/decrease) in accordance with instructions given by NHB. After the creation of the Intermediated Securities supply, transactions in Intermediated Securities will be effected through securities accounts in accordance with the general terms and conditions of SIS and the further body of rules and regulations pursuant to Art. 10 of the general terms and conditions of SIS. The rights arising from the terms of the Products exist vis-à-vis the Issuer and may be asserted against the Issuer with the respective supply disclosure statement issued by SIS. No legal claims with respect to Intermediated Securities, irrespective of their booking, may be asserted against SIS.

The applicable Pricing Supplement for the Products supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, supplement, replace or modify these Terms and Conditions for the purposes of the Products. References herein to the "**applicable Pricing Supplement**" are to the Pricing Supplement or Pricing Supplements (in the case of any further Products issued pursuant to Condition 12 and forming a single series with the Products).

Copies of the applicable Pricing Supplement are available for inspection at the office of the Issuer in Zurich.

Words and expressions defined in the applicable Pricing Supplement shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated.

The Holders of Products (as defined in Condition 1(B)) are entitled to the benefit of and are deemed to have notice of and are bound by all the provisions of the Programme (insofar as they relate to the Products) and the applicable Pricing Supplement.

1. Type, Title and Transfer

(A) Type

If the Products are booked into the SIS system as Intermediated Securities, the Products are issued in registered, dematerialised and uncertificated book-entry form and the Products will be booked into the SIS system as uncertificated securities (*unverurkundete Wertrechte*) according to Art. 973 lit. c CO and Art. 3 FISA and thereby become Intermediated Securities (*Bucheffekten*), and no physical document of title will be issued in respect of the Products.

The Products are warrants of any kind, certificates and structured notes. Such Products will be linked, for example, to a specified index or a basket of indices ("**Index Warrants**", "**Index Certificates**" and "**Index-linked Notes**"), a specified share or a basket of shares ("**Share Warrants**", "**Share Certificates**" and "**Share-linked Notes**"), a specified debt instrument or a basket of debt instruments ("**Debt Warrants**", "**Debt Certificates**" and "**Debt-linked Notes**"), a specified currency or a basket of currencies ("**Currency Warrants**", "**Currency Certificates**" and "**Currency-linked Notes**") or a specified commodity or a basket of commodities ("**Commodity Warrants**", "**Commodity Certificates**" and "**Commodity-linked Notes**"), a reference-portfolio, or linked to any further assets meant to serve as Relevant Asset(s) by the Issuer. Certain terms which will, unless otherwise varied in the applicable Pricing Supplement, apply to Index Warrants, Share Warrants, Debt Warrants, Currency Warrants, Commodity Warrants, Share Certificates, Commodity Certificates, Currency Certificates, Debt Certificates, Index Certificates, Index-linked notes, Share-linked Notes, Debt-linked Notes, Currency-linked Notes or Commodity-linked Notes are set out in Condition 17.

The Products are any kind of product type foreseen by the Swiss Structured Products Association's categorisation model.

The applicable Pricing Supplement will, if applicable, indicate whether the Products are American style Products ("**American Style Products**") or European Style Products ("**European Style Products**") or such other type as may be specified in the applicable Pricing Supplement, whether settlement can be by way of cash payment ("**Cash Settled Products**") or physical delivery ("**Physical Delivery Products**") or both and whether the Products are call Products ("**Call Products**"), put Products ("**Put Products**") or certificates ("**Certificates**"), whether the Products entitle to a Coupon, and whether Averaging ("**Averaging**") will apply to the Products. If Averaging is specified as applying in the applicable Pricing Supplement the applicable Pricing Supplement will state the relevant Averaging Dates and, in the case of a Market Disruption Event (as defined in Condition 17) occurring on an Averaging Date, whether Omission, Postponement or Modified Postponement (each as defined in Condition 3 below) applies.

References in these Terms and Conditions, unless the context otherwise requires, to Cash Settled Products shall be deemed to include references to Physical Delivery Products, which include an option (as set out in the applicable Pricing Supplement) by the Issuer or the Holder of the Products to elect cash settlement of such Products. References in these Terms and Conditions, unless the context otherwise requires, to Physical Delivery Products shall be deemed to include references to Cash Settled Products, which include an option (as set out in the applicable Pricing Supplement) by the Issuer or the Holder of the Products to elect physical delivery of the Relevant Asset(s) in settlement of such Products. The rights of a Holder as described in this paragraph may be subject to the Issuer's right to vary settlement as indicated in the applicable Pricing Supplement and accordingly, the interpretation rule as described just above, will apply to these Terms and Conditions.

(B) *Title to Products*

As long as the Products are not printed, with respect to each Product and Coupon, the person shown in the records of SIS or, in the case of Products and Coupons held through Clearstream Luxembourg or Euroclear (together with SIS, the "**Clearance Institutions**") the Swiss banking correspondent of such clearance institution shall be treated by the Issuer as the Holder of such amount of Products or Coupons for all purposes (and the expressions "**Holder of Products**", "**Couponholder**" and related expressions shall be construed accordingly).

If the Products are booked into the SIS system as Intermediated Securities, Holder of Products means the person in whose name a Product is registered in the register maintained at the SIS (the "**SIS Register**"), and the reference to a person in whose name a Product is registered shall also include any person whose Products are nominee-registered. Title to Products shall pass by transfer between accountholders at the SIS as evidenced by registration in the Swiss Register in accordance with the rules, regulations and procedures of the SIS (the "**SIS Rules**"). Except as ordered by a court of competent jurisdiction or as required by law, the Holder of any Product shall, to the extent permitted by law, be deemed to be and may be treated as its absolute owner for all purposes, whether or not it is overdue and regardless of any notice of ownership, trust or an interest in it, and no person shall be liable for so treating the Holder of Products. The Issuer shall be entitled to obtain information in respect of title to the Products from the SIS.

(C) *Transfers of Products*

All transactions (including transfers of Products) in the open market or otherwise must be effected through the relevant Clearance Institution, subject to and in accordance with the rules and procedures for the time being of such Clearance Institution. Title will pass upon registration of the transfer in the books of the relevant Clearance Institution. Transfers of Products may not be effected after the exercise of such Products pursuant to Condition 5.

Any reference herein to the Clearance Institution shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Issuer from time to time and notified to the Holders of Products in accordance with Condition 10.

If the Products are booked into the SIS system as Intermediated Securities, title to Products shall pass by transfer between accountholders at the SIS as evidenced by registration in the SIS Register in accordance with the SIS Rules.

2. Status of the Products

The Products and Coupons, if any, constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank pari passu with all present and future, unsecured and unsubordinated obligations without any preference among themselves and without any preference one above the other by reason of priority of date of issue, currency of payment or otherwise, except for obligations given priority by law.

3. Definitions

For the purposes of these Terms and Conditions, the following general definitions shall apply:

"**Actual Exercise Date**" means the Exercise Date (in the case of European Style Products) or, in the case of American Style Products as more fully set out in Condition 4(A)(i) below, the

date during the Exercise Period on which the Product is actually or deemed exercised (in accordance with Condition 6(A)(ii) below);

"Averaging Date" means, in respect of an Actual Exercise Date, each date specified as an Averaging Date in the applicable Pricing Supplement or, if any such date is not a Trading Day, the immediately following Trading Day unless, in the opinion of the Issuer, a Market Disruption Event (as set out in Condition 17(A)(1)) has occurred on that day. If there is a Market Disruption Event on that day, then:

- (a) if **"Omission"** is specified as applying in the applicable Pricing Supplement, then such date will be deemed not to be an Averaging Date for purposes of determining the relevant Settlement Price. Therefore, if through the operation of this provision there would not be an Averaging Date in respect of such Actual Exercise Date, then the provisions of the definition of **"Valuation Date"** will apply for purposes of determining the relevant level, price or amount on the final Averaging Date with respect to that Actual Exercise Date as if such Averaging Date were a Valuation Date on which a Market Disruption Event had not occurred;
- (b) if **"Postponement"** is specified as applying in the applicable Pricing Supplement, then the provisions of the definition of **"Valuation Date"** will apply for purposes of determining the relevant level, price or amount on that Averaging Date as if such Averaging Date were a Valuation Date on which a Market Disruption Event had occurred irrespective of whether, pursuant to such determination, that deferred Averaging Date would fall on a day that already is or is deemed to be an Averaging Date;
- (c) if **"Modified Postponement"** is specified as applying in the applicable Pricing Supplement,
 - (i) where the Products are Index Warrants, Index Certificates or Index-linked Notes relating to a single Index or Share Warrants, Share Certificates or Share-linked Notes relating to a single Share, the Averaging Date shall be the first succeeding Valid Date (as defined below). If the first succeeding Valid Date has not occurred as of the Valuation Time on the fifth Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Market Disruption Event, would have been the final Averaging Date in relation to such Actual Exercise Date, then (A) that fifth Trading Day shall be deemed the Averaging Date (irrespective of whether that fifth Trading Day is already an Averaging Date), and (B) the Issuer shall determine the relevant level or price for that Averaging Date in accordance with sub-paragraph (a)(ii) of the definition of **"Valuation Date"** below;
 - (ii) where the Products are Index Warrants, Index Certificates or Index-linked Notes relating to a Basket of Indices or Share Warrants, Share Certificates or Share-linked Notes relating to a Basket of Shares, the Averaging Date for each Index or Share not affected by a Market Disruption Event shall be the originally designated Averaging Date (the **"Scheduled Averaging Date"**) and the Averaging Date for an Index or Share affected by the Market Disruption Event shall be the first succeeding Valid Date (as defined below) in relation to such Index or Share. If the first succeeding Valid Date in relation to the affected Index or Share has not occurred as of the Valuation Time on the fifth Trading Day immediately following the original date that, but for the occurrence of another Averaging Date or Market Disruption Event, would have been the final Averaging Date in relation to such Actual

Exercise Date, then (A) that fifth Trading Day shall be deemed the Averaging Date (irrespective of whether that fifth Trading Day is already an Averaging Date) in relation to the affected Index or Share, and (B) the Issuer shall determine the relevant Index or Share level or amount for that Averaging Date in accordance with sub-paragraph (b)(ii) of the definition of "**Valuation Date**" below; and

- (iii) where the Products are Debt Warrants, Debt Certificates, Debt-linked Notes, Currency Warrants, Currency Certificates, Currency-linked Notes, Commodity Warrants, Commodity Certificates or Commodity-linked Notes, provisions for determining the Averaging Date in the event of Modified Postponement applying will be set out in the applicable Pricing Supplement;

for the purposes of these Terms and Conditions "**Valid Date**" means a Trading Day on which there is no Market Disruption Event and on which another Averaging Date in relation to the Actual Exercise Date does not or is not deemed to occur;

"**Business Day**" means (i) a day (other than a Saturday or Sunday) on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in the relevant Business Day center(s) and the relevant Clearance System(s) is/are open for business and (ii) on which money transfers are permitted to be settled in accordance with generally recognised Swiss banking practice and (iii) for the purposes of payments in euro, a day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET) System is open;

"**Cash Settlement Amount**" means, in relation to a Cash Settled Product, the amount as specified in the applicable Pricing Supplement to which the Holder of a Product is entitled to receive on the Settlement Date in the Settlement Currency in relation to each such Product, or, if a ratio of Products per unit of the Relevant Asset(s) is specified in the applicable Pricing Supplement, in relation to the specified number of Products per unit of the Relevant Asset(s), as determined by the Issuer pursuant to Condition 4;

"**Entitlement**" means, in relation to a Physical Delivery Product, the quantity of the Relevant Asset(s) or the Relevant Asset(s) determined by the Issuer, which a Holder of a Product is entitled to receive (e.g. Call Products) or obliged to deliver (Put Products) on the Settlement Date in respect of each such Product or, if a ratio of Products per unit of the Relevant Asset(s) is specified in the applicable Pricing Supplement, in respect of the specified number of Products, following payment of the Exercise Price (and any other sums payable), if any, rounded down as provided in Condition 4(C)(i), and upon review of any documents evidencing the relevant Products;

"**Relevant Time**" means the time specified on the Valuation Date or an Averaging Date, as the case may be, for the calculation of the Settlement Price. It shall be, unless differently specified in the Pricing Supplement:

- (a) where the Products are (i) European Style Products relating to Swiss Relevant Asset(s) only or (ii) in case the Products are American style Products relating to Swiss Relevant Asset(s) and if automatically exercised in accordance with Condition 4(A)(i), at or around 2.15 p.m. (in Zurich);
- (b) in any other cases the closing of the relevant Exchange(s) or, as regards Products relating to a Basket of Relevant Asset(s), reporting of the last selling prices of the Relevant Asset(s) on the relevant Exchange(s);

"Settlement Business Day" means a day on which transfers of the Relevant Asset(s) are permitted to be settled in accordance with generally recognised banking practice;

"Settlement Date" means:

(a) in relation to Cash Settled Products:

in relation to each Actual Exercise Date, (i) where **Averaging** is not specified in the applicable Pricing Supplement, the fifth Business Day following the Valuation Date. However, if the Products are Index Warrants, Index Certificates or Index-linked Notes relating to a Basket of Indices, Share Warrants, Share Certificates or Share-linked Notes relating to a Basket of Shares, Debt Warrants, Debt Certificates or Debt-linked Notes relating to a Basket of Debt Certificates, Commodity Warrants, Commodity Certificates or Commodity-linked Notes relating to a Basket of Commodities, Currency Warrants, Currency Certificates or Currency-linked Notes relating to a Basket of Currencies and a Market Disruption Event (as set out in Condition 17) for one or more of the Indices, Shares, Debt Securities, Commodities or Currencies, as the case may be, has resulted in a Valuation Date being adjusted as set out in the definition of **"Valuation Date"** below, the Settlement Date shall be the fifth Business Day next following the last occurring Valuation Date in relation to any Index, Share, Debt Security, Commodity or Currency, as the case may be; or (ii) where Averaging is specified in the applicable Pricing Supplement, the fifth Business Day following the last occurring Averaging Date. However, if the Products are Index Warrants, Index Certificates or Index-linked Notes relating to a Basket of Indices, Share Warrants, Share Certificates or Share-linked Notes relating to a Basket of Shares, Debt Warrants, Debt Certificates or Debt-linked Notes relating to a Basket of Debt Securities, Commodity Warrants, Commodity Certificates or Commodity-linked Notes relating to a Basket of Commodities, Currency Warrants, Currency Certificates or Currency-linked Notes relating to a Basket of Currencies and a Market Disruption Event (as set out in Condition 17) for one or more Indices, Shares, Debt Securities, Commodities or Currencies, as the case may be, has resulted in an Averaging Date being adjusted as set out in the definition of **"Averaging Date"** above, the Settlement Date shall be the fifth Business Day next following the last occurring Averaging Date in relation to any Index, Share, Debt Security, Commodity or Currency, as the case may be, or such other date as is specified in the applicable Pricing Supplement; and

(b) in relation to Physical Delivery Products:

the fifth Business Day following the Actual Exercise Date;

"Settlement Price" means, if not otherwise specified in the applicable Pricing Supplement, in relation to each Cash Settled Product:

(a) in respect of Index Warrants, Index Certificates or Index-linked Notes, subject to Condition 17(A) and as referred to in **"Valuation Date"** below or **"Averaging Date"** and **"Relevant Time"** above, as the case may be:

(i) in the case of Index Warrants, Index Certificates or Index-linked Notes relating to a Basket of Indices, an amount (which shall be deemed to be a monetary value on the same basis as the Exercise Price) equal to the sum of the values calculated for each Index as the level of each Index determined by the Issuer at the Relevant Time on (A) if **Averaging** is not specified in the applicable Pricing Supplement, the Valuation Date or (B) if Averaging is specified in the applicable Pricing Supplement, an Averaging Date and, in

either case, without regard to any subsequently published correction, multiplied by the relevant Multiplier; and

- (ii) in the case of Index Warrants, Index Certificates or Index-linked Notes relating to a single Index, an amount (which shall be deemed to be a monetary value on the same basis as the Exercise Price) equal to the level of the Index determined by the Issuer at the Relevant Time on (A) if Averaging is not specified in the applicable Pricing Supplement, the Valuation Date or (B) if Averaging is specified in the applicable Pricing Supplement, an Averaging Date and, in either case, without regard to any subsequently published correction. In the case of Index Warrants, Index Certificates or Index-linked Notes relating to a Swiss index which are exercised on the Expiration Date, the amount shall be equal to the official EUREX closing price or settlement price, as the case may be, of the relevant index on the Expiration Date;
- (b) in respect of Share Warrants, Share Certificates or Share-linked Notes, subject to Condition 17(B) and as referred to in "**Valuation Date**" below or "**Averaging Date**" and "**Relevant Time**" above, as the case may be:
 - (i) in the case of Share Warrants, Share Certificates or Share-linked Notes relating to a Basket of Shares, an amount equal to the sum of the values calculated for each Share at the price at the Relevant Time for such Share (as defined in Condition 17(B)) on (A) if **Averaging** is not specified in the applicable Pricing Supplement, the Valuation Date or (B) if Averaging is specified in the applicable Pricing Supplement, an Averaging Date, multiplied by the relevant Multiplier, each such value to be converted, if so specified in the applicable Pricing Supplement, into the Settlement Currency at the Exchange Rate and the sum of such converted amounts to be the Settlement Price, all as determined by or on behalf of the Issuer; and
 - (ii) in the case of Share Warrants, Share Certificates or Share-linked Notes relating to a single Share, an amount equal to the price at the Relevant Time for such Share (as defined in Condition 17(B)) on (A) if Averaging is not specified in the applicable Pricing Supplement, the Valuation Date or (B) if Averaging is specified in the applicable Pricing Supplement, an Averaging Date, such amount to be converted, if so specified in the applicable Pricing Supplement, into the Settlement Currency at the Exchange Rate and such converted amount to be the Settlement Price, all as determined by or on behalf of the Issuer;

If, in the opinion of the Issuer, no price of such Share at the Relevant Time can be so determined and no Market Disruption Event has occurred and is continuing, the Settlement Price will be an amount determined by the Issuer in good faith to be equal to the arithmetic mean of the fair market buying price at the Relevant Time and the fair market selling price at the Relevant Time. For the relevant Share whose price at the Relevant Time cannot be determined, the fair market buying price and fair market selling price shall be based, at the Issuer's discretion, either on the arithmetic mean of the prices observed before the Market Disruption occurred, on middle market quotations provided to it by two or more financial institutions (as selected by the Issuer) engaged in the trading of the relevant Share or on such other factors as the Issuer shall decide;

- (c) in respect of Debt Warrants, Debt Certificates or Debt-linked Notes, subject as referred to in "**Valuation Date**" below or "**Averaging Date**" above:

- (i) in the case of Debt Warrants, Debt Certificates or Debt-linked Notes relating to a Basket of Debt Securities, an amount equal to the sum of the values calculated for each Debt Security at the closing price for such Debt Security as determined by or on behalf of the Issuer by reference to the closing price for such Debt Security appearing on the Relevant Screen Page at the Relevant Time on (A) if **Averaging** is not specified in the applicable Pricing Supplement, the Valuation Date or (B) if Averaging is specified in the applicable Pricing Supplement, an Averaging Date, such closing prices to be expressed as a percentage of the nominal amount of such Debt Security, multiplied by the relevant Multiplier;
- (ii) in the case of Debt Warrants, Debt Certificates or Debt-linked Notes relating to a single Debt Security, an amount equal to the closing price for the Debt Security as determined by or on behalf of the Issuer by reference to the closing price for such Debt Security appearing on the Relevant Screen Page at the Relevant Time on (A) if Averaging is not specified in the applicable Pricing Supplement, the Valuation Date or (B) if Averaging is specified in the applicable Pricing Supplement, an Averaging Date, such closing prices to be expressed as a percentage of the nominal amount of the Debt Security;

If such price of the Debt Security is not available, the Settlement Price will be an amount determined by the Issuer in good faith to be equal to the arithmetic mean of the closing prices for such Debt Security at the Relevant Time on the Valuation Date or the Averaging Date, as the case may be, as received by it from two or more market makers in such Debt Security selected by the Issuer;

- (d) in respect of Currency Warrants, Currency Certificates or Currency-linked Notes, the provisions relating to the calculation of the Settlement Price will be set out in the applicable Pricing Supplement;
- (e) in respect of Commodity Warrants, Commodity Certificates or Commodity-linked Notes, the provisions relating to the calculation of the Settlement Price will be set out in the applicable Pricing Supplement;

"Trading Day" means any day that is (or, but for the occurrence of a Market Disruption Event (as set out in Condition 17), would have been) a trading day on the Exchange(s) other than a day on which trading on any such Exchange is scheduled to close prior to its regular weekday closing time;

"Valuation Date" means, unless differently specified in the Pricing Supplement,

- (a) where the Products relate to Swiss Relevant Asset(s) only, the Actual Exercise Date of the relevant Products, and,
- (b) where the Products relate (also) to non-Swiss Relevant Asset(s), the first Trading Day following the Actual Exercise Date of the relevant Products,

and unless, in the opinion of the Issuer, a Market Disruption Event (as set out in Condition 17) has occurred on that day.

If there is a Market Disruption Event on that day, then:

- (a) where the Products are Index Warrants, Index Certificates or Index-linked Notes relating to a single Index, Share Warrants, Share Certificates, Share-linked Notes

relating to a single Share, Debt Warrants, Debt Certificates, Debt-linked Notes relating to a single Debt Security, Commodity Warrants, Commodity Certificates or Commodity-linked Notes relating to a single Commodity, Currency Warrants, Currency Certificates or Currency-linked Notes relating to a single Currency, the Valuation Date shall be the first succeeding Trading Day on which there is no Market Disruption Event, unless there is a Market Disruption Event occurring on each of the five Trading Days immediately following the original date that (but for the Market Disruption Event) would have been the Valuation Date. In that case, (i) the fifth Trading Day shall be deemed to be the Valuation Date (notwithstanding the Market Disruption Event) and (ii) the Issuer acting in good faith, shall determine the Settlement Price in the manner set out in the applicable Pricing Supplement or, if not so set out or if not practicable, determine the Settlement Price:

- (i) in the case of Index Warrants, Index Certificates or Index-linked Notes, by determining the level of the Index as of the Valuation Time on that fifth Trading Day in accordance with (subject to Condition 17(A)(2)) the formula for and method of calculating the Index last in effect prior to the commencement of the Market Disruption Event using the Exchange traded price (or if trading in the relevant security/commodity has been materially suspended or materially limited, its good faith estimate of the Exchange traded price that would have prevailed but for that suspension or limitation) as of the Valuation Time on that fifth Trading Day of each security/commodity comprised in the Index; or
 - (ii) in the case of Share Warrants, Share Certificates, Share-linked Notes, Debt Warrants, Debt Certificates, Debt-linked Notes, Commodity Warrants, Commodity Certificates, Commodity-linked Notes, Currency Warrants, Currency Certificates or Currency-linked Notes, in accordance with its good faith estimate of the Settlement Price that would have prevailed but for the Market Disruption Event as of the Valuation Time on that fifth Trading Day; or
- (b) where the Products are Index Warrants, Index Certificates or Index-linked Notes relating to a Basket of Indices, Share Warrants, Share Certificates or Share-linked Notes relating to a Basket of Shares, Debt Warrants, Debt Certificates or Debt-linked Notes relating to a Basket of Debt Securities, Commodity Warrants, Commodity Certificates or Commodity-linked Notes relating to a Basket of Commodities or Currency Warrants, Currency Certificates or Currency-linked Notes relating to a Basket of Currencies, the Valuation Date for each Index, Share, Debt Security, Commodity or Currency, as the case may be, not affected by a Market Disruption Event shall be the originally designated Valuation Date and the Valuation Date for each Index, Share, Debt Security, Commodity or Currency, as the case may be, affected (each an "**Affected Item**") by a Market Disruption Event shall be the first succeeding Trading Day on which there is no Market Disruption Event relating to the Affected Item, unless there is a Market Disruption Event relating to the Affected Item occurring on each of the five Trading Days immediately following the original date which (but for the Market Disruption Event) would have been the Valuation Date. In that case, (i) the fifth Trading Day shall be deemed to be the Valuation Date for the Affected Item (notwithstanding the Market Disruption Event) and (ii) the Issuer, acting in good faith, shall determine the Settlement Price using, in relation to the Affected Item, in the case of an Index, the level of that Index determined in the manner set out in the applicable Pricing Supplement, and, in the case of a Share, Debt Security, Commodity or Currency, a price determined in the manner set out in the applicable Pricing Supplement or, if not set out or if not practicable, using:

- (i) in the case of an Index, the level of that Index as of the Valuation Time on that fifth Trading Day determined by reference to the formula for and method of calculating that Index last in effect prior to the commencement of the Market Disruption Event using the Exchange traded price (or, if trading in the relevant security/commodity has been materially suspended or materially limited, its good faith estimate of the Exchange traded price that would have prevailed but for that suspension or limitation) as of the Valuation Time on that fifth Trading Day of each security/commodity comprised in that Index; or
- (ii) in the case of a Share, Debt Security, Commodity or Currency, its good faith estimate of the price for the Affected Item that would have prevailed but for the Market Disruption Event as of the Valuation Time on that fifth Trading Day;

and otherwise in accordance with the above provisions; and

"Valuation Time" means the Relevant Time.

4. Exercise Rights

(A) Exercise Period

(i) American Style Products

American Style Products are exercisable on any Business Day as defined in the applicable Pricing Supplement during the Exercise Period.

The Business Day during the Exercise Period on which an Exercise Notice is delivered (together with all unmatured Coupons, if any) prior to 12.00 noon, Zurich time (or at any other time as defined in the Pricing Supplement), in the manner as set out in Condition 5 is referred to herein as the **"Actual Exercise Date"**. If any Exercise Notice which is delivered, in the manner as set out in Condition 5, after 12.00 noon, Zurich time (or at any other time as defined in the Pricing Supplement), on any Business Day during the Exercise Period, such Exercise Notice will be deemed to have been delivered on the next following Business Day, which Business Day shall be deemed to be the Actual Exercise Date, provided that only such Products in respect of which an Exercise Notice has been delivered in the manner set out in Condition 5 at or prior to 12.00 noon Zurich time (or at any other time as defined in the Pricing Supplement) prior to the last Business Day of the Exercise Period (the **"Expiration Date"**) shall be exercised and entitle the Holder of such Product to receive as soon as practicable the Cash Settlement Amount or the Entitlement (as determined in the Pricing Supplement, less any taxes or duties of whatever nature).

(ii) European Style Products

European Style Products are only exercisable on the Exercise Date as defined in the applicable Pricing Supplement.

Any European Style Product shall, if such Product is "in the money", automatically be exercised and entitle the Holder of such Product to receive as soon as practicable the Cash Settlement Amount or the Entitlement (as determined in the Pricing Supplement, less any taxes or duties of whatever nature).

(B) Cash Settlement

If the Products are Cash Settled Products, or if Cash Settlement Amount becomes applicable by function of automatic exercise or otherwise, each such Product or, if a ratio of Products per Relevant Asset(s) is specified in the applicable Pricing Supplement, the specified number of Products per unit of the Relevant Asset(s) entitles its Holder, upon due exercise and subject to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the Settlement Date a Cash Settlement Amount calculated by the Issuer (which shall not be less than zero) equal to:

- (i) where **Averaging** is not specified in the applicable Pricing Supplement:
 - (a) if such Products are Call Products,

(Settlement Price less Exercise Price) multiplied by, in the case of Debt Warrants only, the Nominal Amount;
 - (b) if such Products are Put Products,

(Exercise Price less Settlement Price) multiplied by, in the case of Debt Warrants only, the Nominal Amount; and
 - (c) if such Products are neither Call Products nor Put Products settlement will be as specified in the applicable Pricing Supplement;
- (ii) where **Averaging** is specified in the applicable Pricing Supplement:
 - (a) if such Products are Call Products,

(the arithmetic mean of the Settlement Prices for all the Averaging Dates less Exercise Price) multiplied by, in the case of Debt Warrants only, the Nominal Amount;
 - (b) if such Products are Put Products,

(Exercise Price less the arithmetic mean of the Settlement Prices for all the Averaging Dates) multiplied by, in the case of Debt Warrants only, the Nominal Amount; and
 - (c) if such Products are neither Call Products nor Put Products, settlement will be as specified in the applicable Pricing Supplement.

Any amount determined pursuant to the above, if not an amount in the Settlement Currency, will be converted into the Settlement Currency at the Exchange Rate specified in the applicable Pricing Supplement. The Cash Settlement Amount will be rounded to the nearest two decimal places (or, in the case of Japanese Yen, the nearest whole unit) in the relevant Settlement Currency, 0.005 (or, in the case of Japanese Yen, half a unit) being rounded upwards, with Products exercised at the same time by the same Holder of a Product being aggregated for the purpose of determining the aggregate Cash Settlement Amounts payable in respect of such Products.

(C) *Physical Settlement*

(i) Exercise Rights in relation to Physical Delivery Products

If the Products are Physical Delivery Products, each such Product or, if a ratio of Products per Relevant Asset(s) is specified in the applicable Pricing Supplement, the specified number of Products per unit of the Relevant Asset(s), entitles its Holder, upon due exercise and subject

to certification as to non-U.S. beneficial ownership, to receive from the Issuer on the Settlement Date the Entitlement subject to payment of the relevant Exercise Price, if any, any unmatured Coupons, if any, and any other sums payable.

Products exercised at the same time by the same Holder of a Product will be aggregated for the purpose of determining the aggregate Entitlements in respect of such Products, provided that the aggregate Entitlements in respect of the same Holder of a Product will be rounded down to the nearest whole unit of the Relevant Asset(s) or each of the Relevant Asset(s), as the case may be, in accordance with the ratio specified. Therefore, fractions of the Relevant Asset(s) or of each of the Relevant Asset(s), as the case may be, will not be delivered and no cash adjustment will be made in respect thereof.

Following the exercise of a Share Warrant, Share Certificate or Share-linked Note which is a Physical Delivery Product, all dividends on the relevant Shares to be delivered will be payable to the party that would receive such dividend according to market practice for a sale of the Shares executed on the relevant Actual Exercise Date and to be delivered in the same manner as such relevant Shares. Any such dividends to be paid to a Holder of a Product will be paid to the account specified by the Holder of a Product in the relevant Exercise Notice as referred to in Condition 5(A)(2)(vi).

(ii) Settlement Disruption

If, following the exercise of Physical Delivery Products, in the opinion of the Issuer, delivery of the Entitlement is not practicable by reason of a **Settlement Disruption Event** (as defined below) having occurred and continuing on any Settlement Date, then such Settlement Date for such Products shall be postponed to the first following Settlement Business Day in respect of which there is no such Settlement Disruption Event. The Issuer may elect in its sole discretion to satisfy its obligations in respect of the relevant Product by delivering the Entitlement using such other commercially reasonable manner as it may select and in such event the Settlement Date shall be such day as the Issuer deems appropriate in connection with delivery of the Entitlement in a commercially reasonable manner and that manner of delivery provides for. For the avoidance of doubt, where a Settlement Disruption Event affects some but not all of the Relevant Asset(s) comprising the Entitlement, the Settlement Date for the Relevant Asset(s) not affected by the Settlement Disruption Event will be the originally designated Settlement Date.

In the event that a Settlement Disruption Event will result in the delivery on a Settlement Date of some but not all of the Relevant Asset(s) comprising the Entitlement, the Issuer shall determine in its discretion the appropriate *pro rata* portion of the Exercise Price to be paid by the relevant Holder of a Product in respect of that partial settlement.

For so long as delivery of the Entitlement is not practicable by reason of a Settlement Disruption Event, then in lieu of physical settlement and notwithstanding any other provision hereof, the Issuer may elect in its sole discretion to satisfy and discharge its obligations in respect of the relevant Product by payment to the relevant Holder of a Product of the Disruption Cash Settlement Price (as defined below).

The Issuer shall give notice of such election as soon as practicable in accordance with Condition 10. The Disruption Cash Settlement Price shall be paid on the third Business Day following such notice.

No Holder of a Product shall be entitled to any payment in respect of the relevant Product in the event of any delay in the delivery of the Entitlement due to the occurrence of a Settlement Disruption Event and no liability in respect thereof shall attach to the Issuer.

For the purposes hereof:

"Disruption Cash Settlement Price" in respect of any relevant Product shall be the fair market value of such Products (taking into account, where the Settlement Disruption Event affected some but not all of the Relevant Asset(s) comprising the Entitlement and the non-affected Relevant Asset(s) have been duly delivered as provided above, the value of such Relevant Asset(s)), less the cost to the Issuer of unwinding any Relevant Assets related hedging arrangements, all as determined by the Issuer in its sole and absolute discretion, plus, if and already paid, the Exercise Price (or, where as provided above some Relevant Asset(s) have been delivered, and a *pro rata* portion thereof has been paid, such *pro rata* portion); and

"Settlement Disruption Event" means, in the opinion of the Issuer, an event beyond the control of the Issuer as a result of which the Issuer cannot make delivery of the Relevant Asset(s) using the method specified in the applicable Pricing Supplement.

(D) *General*

The purchase of Products does not confer on any Holder of such Products any rights (whether in respect of voting, distributions or otherwise) attaching to any of the Relevant Asset(s).

5. **Exercise Procedure**

(A) *Exercise Notice*

If automatic exercise is not specified in the relevant Pricing Supplement, Products may – subject to Condition 4(A) – only be exercised by the delivery, or the sending by confirmed facsimile transmission, of a duly completed exercise notice (an **"Exercise Notice"**) to the Issuer in accordance with the provisions set out in Condition 4 and this Condition 5.

(1) In the case of Cash Settled Products entitling as of the Valuation Date to a cash payment, the Exercise Notice shall:

- (i) specify the securities number (Valoren number) or ISIN number of the Products and the number of Products being exercised;
- (ii) specify the securities account of the Holder exercising the Products to be debited;
- (iii) irrevocably instruct the Issuer to instruct the Clearance Institution to debit on or before the Settlement Date the securities account of that Holder of the Product. In case of Euroclear and Clearstream, Luxembourg, such instruction might be directly sent to Euroclear or Clearstream, Luxembourg, in accordance with the then applicable rules of Euroclear and Clearstream, Luxembourg; or

if the Products are booked into the SIS system as Intermediated Securities, irrevocably instruct the Issuer to debit on or before the Settlement Date the securities account of that Holder of the Product being exercised;

- (iv) specify the cash account of the Holder of the Product to be credited with the Cash Settlement Amount (if any); or

if the Products are booked into the SIS system as Intermediated Securities, specify the number of Holder of the Product's account at the SIS to be

credited with the Cash Settlement Amount (if any) for each Product being exercised;

and it shall be understood to

- (v) include an undertaking to pay all taxes, duties and/or expenses, including any applicable depository charges, transaction or exercise charges, stamp duty, stamp duty reserve tax, issue, registration, securities transfer and/or other taxes or duties arising in connection with the exercise of such Product ("**Exercise Expenses**"); or

if the Products are booked into the SIS system as Intermediated Securities, include an undertaking to pay all taxes, duties and/or expenses, including any applicable Exercise Expenses arising in connection with the exercise of such Product and an authority to the SIS to deduct an amount in respect thereof from any Cash Settlement Amount due to such Holder exercising the Products and/or to debit a specified account of the Holder exercising the Products at the SIS in respect thereof and to pay such Exercise Expenses;

- (vi) certify, *inter alia*, that the beneficial owner of each Product being exercised is not a U.S. person (as defined in the Offering Circular); and
- (vii) authorise the production of such certification in any applicable administrative or legal proceedings.

(2) In the case of Physical Delivery Products, the Exercise Notice shall:

- (i) specify the securities number (Valoren number) or ISIN of the Products and the number of Products being exercised;
- (ii) specify the number of the Holders' of the Products account to be debited with the Products being exercised;
- (iii) irrevocably instruct the Issuer to instruct the Clearance Institution to debit on or before the Settlement Date the securities account of the Holder of a Product with the Products being exercised. In case of Euroclear and Clearstream, Luxembourg, such instruction might be directly sent to Euroclear or Clearstream, Luxembourg, in accordance with the then applicable rules of Euroclear and Clearstream, Luxembourg; or

if the Products are booked into the SIS system as Intermediated Securities, irrevocably instruct the Issuer to debit on or before the Settlement Date the account of the Holder of a Product with the Products being exercised;

- (iv) irrevocably instruct the Issuer to instruct the Clearance Institution to debit on the Actual Exercise Date a specified cash account (Call Products) or securities account (Put Products) of the Holder of the Products with the aggregate Exercise Prices (Call Products) or Entitlement (Put Products) in respect of such Products, (together with any other amounts payable); or

if the Products are booked into the SIS system as Intermediated Securities, irrevocably instruct the SIS to debit on the Actual Exercise Date a specified cash account (Call Products) or securities account (Put Products) of the Holder of the Products with the aggregate Exercise Prices (Call Products) or

Entitlement (Put Products) in respect of such Products, (together with any other amounts payable);

- (v) include such details as are required by the applicable Pricing Supplement for delivery of the Entitlement, which may include account details and/or the name and address of any person(s) into whose name evidence of the Entitlement is to be registered and/or any bank, broker or agent to whom documents evidencing the Entitlement are to be delivered and specify the name and the number of the account of the Holder of Products with the SIS to be credited with any cash payable by the Issuer, either in respect of any cash amount constituting the Entitlement or any dividends relating to the Entitlement or as a result of the occurrence of a Settlement Disruption Event and the Issuer electing to pay the Disruption Cash Settlement Price, as applicable;
- (vi) in the case of Currency Warrants or Certificates only, specify the account of the Holder of a Product to be credited with the amount due upon exercise of the Products;

and it shall be understood to

- (vii) include an undertaking to pay all taxes, duties and/or expenses, including any applicable Exercise Expenses arising from the exercise of such Products and/or the delivery or transfer of the Entitlement pursuant to the terms of such Products and the bank of the Holder of Product to debit a specified account of the Holder of a Product at its bank in respect thereof and to pay such Exercise Expenses; or

if the Products are booked into the SIS system as Intermediated Securities, include an undertaking to pay all Exercise Expenses arising from the exercise of such Products and/or the delivery or transfer of the Entitlement pursuant to the terms of such Products and an authority to the SIS to debit a specified account of the Holder of a Product at the SIS in respect thereof and to pay such Exercise Expenses;
- (viii) certify, *inter alia*, that the beneficial owner of each Product being exercised is not a U.S. person (as defined in the Exercise Notice); and
- (ix) authorise the production of such certification in any applicable administrative or legal proceedings.

(B) Instruction of the Clearance Institution by the Issuer and the Holder of the Products

Upon receipt of an Exercise Notice, both, the Issuer and the Holder of the Products, shall instruct the Clearance Institution of the exercise and the relevant details. Such instruction will be made in accordance with the then applicable rules and procedures of the relevant Clearance Institution. If the instructions of the Issuer and the Holder of the Products are identical (or within a tolerance tolerated by the Clearance Institution) and the Holder of the Products or its custodian bank is recorded as the Holder of the Products by the Clearance Institution, the Clearance Institution will on the Settlement Date debit the account of the Holder of the Products with the Products being exercised against, a) in the case of Put Products, (i) payment of the Cash Settlement Amount or (ii) payment of the aggregate Exercise Prices (subject to the delivery of the Entitlement by the Holder of the Products) or, b) in the case of Products which are not Put Products, (i) payment of the Cash Settlement

Amount (if any) or (ii) delivery of the Entitlement (subject to the payment of the aggregate Exercise Prices, if any, by the Holder of the Products).

Upon maturity of a Product, the Issuer will cause the automatic exercise of the Products in accordance with Condition 4 and the relevant Pricing Supplements.

(C) Verification of the Holder of a Product

If the Products are booked into the SIS system as Intermediated Securities, verification of the Holder of a Product and debiting of the relevant securities accounts shall be done pursuant to the then applicable SIS Rules. Cash Settlement and, to the extent applicable, settlement of Physical Delivery Products will occur in accordance with the SIS Rules and payments will be effected to the Holder as may be stipulated in the SIS Rules (the payment date being the "**Record Date**") unless otherwise set out in the Pricing Supplement.

(D) Settlement

(i) Cash Settled Products

The Issuer shall on the Settlement Date pay or cause to be paid the Cash Settlement Amount (if any) for each duly exercised Product or (if a ratio of Products per Relevant Asset(s) was specified in the applicable Pricing Supplement), for each exercised number of Products, to the cash account of the Holders of the Products specified in the relevant Exercise Notice for value on the Settlement Date, less any Exercise Expenses not already paid.

(ii) Physical Delivery Products

Subject to payment of the aggregate Exercise Prices (Call Products), if any, or delivery of the Entitlement (Put Products) with regard to the relevant Products or (if a ratio of Products per Relevant Asset(s) was specified in the applicable Pricing Supplement), for each exercised number of Products, the Issuer shall on the Settlement Date deliver, or procure the delivery of, the Entitlement (e.g. Call Warrants) or aggregate Exercise Prices (Put Products) for each duly exercised number of Products, pursuant to the details specified in the Exercise Notice in accordance with Condition 4(C).

(E) Determinations

Any determination as to whether an Exercise Notice is duly completed and in proper form shall be made by the Issuer (or, in case of Euroclear and Clearstream, Luxembourg, by the Clearance Institution) and shall be conclusive and binding on the Issuer and the relevant Holder of the Products. Subject as set out below, any Exercise Notice so determined to be incomplete or not in proper form shall be null and void.

If such Exercise Notice is subsequently corrected to the satisfaction of the Issuer, it shall be deemed to be a new Exercise Notice submitted at the time such correction was delivered to the Issuer.

Any Products with respect to which the Exercise Notice has not been duly completed and delivered by the cut-off time specified in Condition 4(A)(i), in the case of American Style warrants, or Condition 4(A)(ii), in the case of European Style Products, in the manner set out above shall be considered as not being delivered, subject to the automatic exercise provided in Conditions 4 (A)(i) and 4 (A)(ii).

The Issuer or, if appropriate the Clearance Institution, shall use its best efforts promptly to notify the Holder of Products submitting an Exercise Notice if it has determined that such

Exercise Notice is incomplete or not in proper form. In the absence of negligence or wilful misconduct on its part, the Issuer shall not be liable to any person with respect to any action taken or omitted to be taken by it in connection with such determination or the notification of such determination to a Holder of a Product.

(F) *Delivery of an Exercise Notice*

Delivery of an Exercise Notice shall constitute an irrevocable election by the relevant Holder of a Product to exercise the Products specified. After the delivery of the Exercise Notice, the exercising Holder of a Product may not transfer the exercised Products.

(G) *Exercise Risk*

Exercise of the Products is subject to all applicable laws, regulations and practices in force on the relevant Exercise Date and the Issuer shall not incur any liability whatsoever if it is unable to effect the transactions contemplated, after using all reasonable efforts, as a result of any such laws, regulations or practices. The Issuer shall under no circumstances be liable for any acts or defaults of the relevant Clearance Institution in relation to the performance of its duties in relation to the Products.

6. Minimum and Maximum Number of Products Exercisable (where applicable)

(A) *American Style Products*

This paragraph (A) applies only to American Style Products.

- (i) The number of Products exercisable by any Holder of a Product on any Actual Exercise Date, as determined by the Issuer, must not be less than the Minimum Exercise Number specified in the applicable Pricing Supplement or any integral multiple in excess thereof. Any Exercise Notice which purports to exercise Products in an amount less than the Minimum Exercise Number shall be void and of no effect.
- (ii) If the Issuer determines that the number of Products being exercised on any Actual Exercise Date by any Holder of a Product or a group of Holders of Products (whether or not acting in concert) exceeds the Maximum Exercise Number, the Issuer may deem the Actual Exercise Date for the Maximum Exercise Number of such Products, selected at the discretion of the Issuer, to be the day the Holder communicated the Exercise Notice and the Actual Exercise Date for each additional Maximum Exercise Number of such Products (and any remaining number thereof) to be each of the succeeding Business Days until all such Products have been attributed with an Actual Exercise Date, provided, however, that the deemed Actual Exercise Date for any such Products which would thereby fall after the Expiration Date shall fall on the Expiration Date. In any case where more than the Maximum Exercise Number of Products are exercised on the same day by Holder(s) of Products, the order of settlement in respect of such Products shall be at the sole discretion of the Issuer.

(B) *European Style Products*

This paragraph (B) applies only to European Style Products.

The number of Products exercisable by any Holder of a Product on any Exercise Date must be equal to the Minimum Exercise Number specified in the applicable Pricing Supplement, or any integral multiple in excess thereof. Any Exercise Notice which purports to exercise Products in breach of this provision shall be void and be of no effect.

7. Illegality

If the Issuer determines that the performance of its obligations under the Products has become illegal in whole or in part for any reason, the Issuer may cancel the Products by giving notice to Holders of a Product in accordance with Condition 10.

Should any one or more of the provisions contained in these Terms and Conditions be or become invalid, the validity of the remaining provisions shall not in any way be affected thereby.

If the Issuer cancels the Products, then the Issuer will, if and to the extent permitted by applicable law, pay to each Holder of a Product in respect of each Product or, if a ratio of Products per Relevant Asset(s) was specified in the applicable Pricing Supplement, for each number of Products per Relevant Asset(s), held by such Holder, the following amount:

The fair market value of a Product, less the cost to the Issuer of unwinding any Relevant Assets related hedging arrangements plus, if any and already paid by or on behalf of the Holder of a Product, the Exercise Price, all as determined by the Issuer in its sole and absolute discretion. Payment will be made in such manner as shall be notified to the Holders of a Product in accordance with Condition 10.

8. Purchases

The Issuer may at any time, but is not obliged to, purchase Products at any price in the open market or by tender or private contract. Any Products so purchased may be held or resold or cancelled.

9. Agents, Determinations and Modifications

(A) Products Agents

The Issuer shall initially act as sole Products Agent.

The Issuer reserves the right at any time to appoint further or additional Products Agents, provided that no termination of the appointment of a qualified Swiss agent shall become effective until a replacement Products Agent shall have been appointed. Notice of any termination of appointment and of any changes in the specified office of any Products Agent will be given to Holders of a Product in accordance with Condition 10. In acting under the Programme, a Products Agent acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders of a Product and any Products Agent's determinations and calculations in respect of the Products shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Holders of a Product.

The Programme may be amended by the Issuer, but without the consent of the Holders of a Product, for the purpose of curing any ambiguity or of curing, correcting or supplementing any defective provision contained therein or in any manner which the Issuer may deem necessary or desirable and which shall not be materially prejudicial to the interests of the Holders of a Product.

(B) Calculation Agent

If the applicable Pricing Supplement indicates that a Calculation Agent (other than the Issuer) is appointed in respect of the Products, it acts solely as agent of the Issuer and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders of Products. All calculations and determinations made in respect of the Products by the Calculation Agent shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Holders of Products.

The Calculation Agent may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

(C) Determinations by the Issuer

Any determination made by the Issuer pursuant to these Terms and Conditions shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Holders of Products.

(D) Modifications

The Issuer may modify these Terms and Conditions without the consent of the Holders of Products in any manner which the Issuer may deem necessary or desirable provided that such modification is not prejudicial to the interests of the Holders of Products, or such modification is of a formal, minor or technical nature, or to correct a manifest error or to cure, correct or supplement any defective provision contained herein and/or therein. Notice of any such modification will be given to the Holders of Products in accordance with Condition 10 but failure to give, or non-receipt of, such notice will not affect the validity of any such modification.

10. Notices

Notices to Holders of listed Products shall be valid and binding if published on the website of SIX Swiss Exchange (http://www.six-swiss-exchange.com/news/official_notices), or SCOACH or in newspapers or on a website, to the extent and in the form and language required and/or permitted by the applicable rules and regulations of the SIX Swiss Exchange. If permitted by such rules and regulations, notices will be published in English language only.

Notices to Holders of non listed Products shall be valid and binding if published on the website of the Issuer (<http://www.neuehelvetischebank.ch>) or (<http://www.nhbpro.ch>) or as otherwise specified in the applicable Pricing Supplement (e.g. in newspapers, on a website different than <http://www.neuehelvetischebank.ch> or <http://www.nhbpro.ch> or otherwise).

11. Expenses and Taxation

(A) A Holder of Products must pay all Exercise Expenses relating to such provided above.

(B) The Issuer shall not be liable for, or otherwise obliged to, pay any tax, duty, withholding or other payment which may arise as a result of the ownership, transfer, exercise or enforcement of any Products by any person and all payments made by the Issuer shall be made subject to any such tax, duty, withholding or other payment which may be required to be made, paid, withheld or deducted.

12. Further Issues

The Issuer shall be at liberty from time to time without the consent of Holders of Products to create and issue further Products so as to be consolidated with and form a single series with the outstanding Products.

13. Early Termination of Products and Compulsory Redemption

- (A) If the Issuer determines that any arrangements made to hedge the Issuer's obligations under any Products have become illegal or disrupted in whole or in part for any reason, the Issuer may cancel such Products and pay the Holder of such Products an amount equal to the fair market value of such Products notwithstanding such illegality or disruption, and less the cost to the Issuer and/or any of its agents of unwinding any Relevant Assets related hedging arrangements plus, if any and already paid, the Exercise Price, all as determined by the Calculation Agent in its sole and absolute discretion.
- (B) Subject to a period of 60 day's prior notice, the Issuer reserves the right to redeem the Product at any time after the payment date and prior to the Settlement Date in whole, but not in part, at an amount determined by the Calculation Agent in consultation with leading market makers to be the fair market value of the Products on the date of such termination, provided 95% or more of the initially issued Products have been redeemed or purchased and cancelled at the time of such notice.

14. Substitution of the Issuer

The Issuer, or any previous substituted company may, at any time, without the consent of the Holders of Products, substitute for itself as principal obligor under the Products any company (the "**Substitute**"), subject to:

- (a) the Issuer unconditionally and irrevocably guaranteeing in favor of each Holder of Products the performance of all obligations by the Substitute under the Products;
 - (b) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) to ensure that the Products represent legal, valid and binding obligations of the Substitute having been taken, fulfilled and done and are in full force and effect;
 - (c) the Substitute shall execute an updated version of the Programme containing the identical Terms and Conditions as set forth in the Programme, with any appropriate consequential amendments, as if it had executed the Programme;
 - (d) the Substitute and the Issuer shall have obtained legal opinions, from independent legal advisers of recognised standing in the country of incorporation of the Substitute and Switzerland, that the obligations of the Substitute are legal, valid and binding obligations and that all consents and approvals as aforesaid have been obtained;
 - (e) the Issuer shall have given at least 30 days' prior notice of the date of such substitution to the Holders of Products in accordance with Condition 10;
- and
- (f) if appropriate, the Substitute shall have appointed a process agent as its agent in Switzerland to receive service of process on its behalf in relation to any legal action or proceedings arising out of or in connection with the Products.

15. Prescription and Statute of Limitations

Claims of any kind against the Issuer in connection with the Products for, inter alia, payment of any amount, or, if applicable, delivery of any Relevant Asset(s) in respect of the Products will be prescribed 10 years after the earlier of (i) the due date thereof resulting from (a) the exercise of the Products by the Holder of the Products or (b) the early repayment of the Products, or (ii) the Maturity Date. Coupons will be prescribed after a period of five years from their due date.

16. Governing Law and Jurisdiction

The Products and the Programme (including the Terms and Conditions) are governed by and shall be construed in accordance with Swiss law.

In relation to any legal action or proceedings arising out of or in connection with the Products ("**Proceedings**"), the Issuer irrevocably submits to the jurisdiction of the courts of the Canton of Zurich venue being in Zurich, with the right to appeal to the Swiss Federal Court of Justice in Lausanne.

17. Terms for Index Warrants, Share Warrants, Debt Warrants, Commodity Warrants, Currency Warrants, Index Certificates, Share Certificates, Debt Certificates, Commodity Certificates, Currency Certificates, Index-linked Notes, Share-linked Notes, Debt-linked Notes, Commodity-linked Notes, Currency-linked Notes and Actively Managed Certificates

(A) *Index Warrants, Index Certificates, Index-linked Notes*

(1) Market Disruption

"**Market Disruption Event**" shall mean, in respect of an Index, the occurrence or existence on any Trading Day during the one-half hour period that ends at the relevant Valuation Time

- (i) on the Exchange: a suspension of, or limitation imposed on, trading (by reason of movements in price exceeding limits permitted by the Exchange or otherwise) in securities/commodities that comprise 20 per cent. or more of the level of that Index, or
- (ii) on any exchange on which options contracts or futures contracts on that Index are traded: a suspension of, or limitation imposed on, trading (by reason of movements in price exceeding limits permitted by the relevant exchange or otherwise) in options contracts or futures contracts on that Index,

if, in the determination of the Issuer, in any such case the suspension or limitation is material.

For the purpose of determining whether a Market Disruption Event exists in relation to an Index at any time, if trading in a security/commodity included in that Index is materially suspended or materially limited at that time, then the relevant percentage contribution of that security/commodity to the level of that Index shall be based on a comparison of (i) the portion of the level of that Index attributable to that security/commodity relative to (ii) the overall level of that Index, in each case immediately before that suspension or limitation.

The Issuer shall give notice that a Market Disruption Event has occurred as soon as practicable to the Holders of Products in accordance with Condition 10.

(2) **Adjustments to an Index**

(a) **Successor Sponsor Calculates and Reports Index**

If a relevant Index is (i) not calculated and announced by the agreed sponsor (the "**Sponsor**") but is calculated and announced by a successor to the Sponsor (the "**Successor Sponsor**") acceptable to the Issuer or (ii) replaced by a successor index using, in the determination of the Issuer, the same or a substantially similar formula for and method of calculation as used in the calculation of that Index, then that Index will be deemed to be the index so calculated and announced by the Successor Sponsor or that successor index, as the case may be.

(b) **Modification and Cessation of Calculation of an Index**

If (i) on or prior to any Valuation Date or Averaging Date the Sponsor or (if applicable) the Successor Sponsor makes a material change in the formula or the method of calculating a relevant Index, or in any other way materially modifies that Index (other than a modification prescribed in that formula or method to maintain that Index in the event of changes in constituent stock, capitalisation, contracts or commodities and other routine events), or (ii) on a Valuation Date or an Averaging Date the Sponsor or (if applicable) the Successor Sponsor fails to calculate and announce a relevant Index, then the Issuer shall determine the Settlement Price using, in lieu of a published level for that Index, the level for that Index as at the Valuation Time on that Valuation Date or that Averaging Date, as the case may be, in accordance with the formula for and method of calculating that Index last in effect prior to that change or failure, but using only those securities/commodities that comprised that Index immediately prior to that change or failure (other than those securities that have since ceased to be listed on the Exchange).

(c) **Notice**

The Issuer shall, as soon as practicable after receipt of any written request to do so, advise a Holder of Products of any determination made by it pursuant to paragraph (b) above, as at the date of receipt of such request. The Issuer shall make available for inspection by Holders of Products copies of any such determinations.

(B) *Share Warrants, Share Certificates, Share-linked Notes*

For the purposes of this Condition 17(B):

"Basket Company" means a Company whose shares are included in the Basket of Shares and **"Basket Companies"** means all such companies;

"Shares" and **"Share"** mean, subject to adjustment in accordance with this Condition 17(B), the shares or a share of the relevant Basket Company and, in the case of an issue of Products relating to a single Share, such share and related expressions shall be construed accordingly; and

"Share Company" means, in the case of an issue of Products relating to a single share, the company that has issued such share.

(1) **Market Disruption**

"Market Disruption Event" shall mean in respect of a Share, the occurrence or existence on any Trading Day during the one-half hour period that ends at the relevant Valuation Time

- (a) on the Exchange: a suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the Exchange or otherwise) of the Share; or
- (b) on any related exchange on which options or futures contracts on the Share are traded: a suspension of or limitation imposed on trading (by reason of movements in price exceeding limits permitted by the related exchange or otherwise) of any options contracts or futures contracts relating to the Share,

if in the determination of the Issuer, in any such case the suspension or limitation is material.

The Issuer shall give notice that a Market Disruption Event has occurred as soon as practicable to the Holders of Products in accordance with Condition 10.

(2) **Potential Adjustment Events, Merger Event, Nationalisation and Insolvency**

- (a) **"Potential Adjustment Event"** means any of the following:
 - (i) a subdivision, consolidation or reclassification of relevant Shares (unless a Merger Event) or a free distribution or dividend of any such Shares to existing Holders by way of bonus, capitalisation or similar issue;
 - (ii) a distribution or dividend to existing Holders of relevant Shares of (a) such Shares or (b) other share capital or securities granting the right to payment of dividends and/or the proceeds of liquidation of the Basket Company or Share Company equally or proportionately with such payments to Holders of such Shares or (c) any other type of securities, rights or warrants or other assets, in any case for payment (in cash or otherwise) at less than the prevailing market price as determined by the Issuer;
 - (iii) an extraordinary dividend;
 - (iv) a call by the Basket Company or Share Company, as the case may be, in respect of relevant Shares that are not fully paid;
 - (v) a repurchase by the Basket Company or Share Company, as the case may be, of relevant Shares whether out of profits or capital and whether the consideration for such repurchase is cash, securities or otherwise;
 - (vi) unforeseen changes in the Relevant Assets, as the case may be, such as an exchange of securities or similar transactions; or
 - (vii) any other event having, in the opinion of the Issuer, a diluting or concentrative effect on the theoretical value of the relevant Shares or the Products.

Following the declaration by the **Basket Company** or Share Company of the terms of any Potential Adjustment Event, the Issuer will, in its sole and absolute discretion, determine whether such Potential Adjustment Event has a diluting or concentrative effect on the theoretical value of the Shares. If so, the Issuer will (i) make the corresponding adjustment to any one or more of any Relevant Asset(s) and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or redemption and/or any of the other terms of these Terms and Conditions and/or the applicable Pricing Supplement as the Issuer in its sole and absolute discretion determines appropriate to

account for that diluting or concentrative effect and (ii) determine the effective date of that adjustment. The Issuer may, but need not, determine the appropriate adjustment by reference to the adjustment in respect of such Potential Adjustment Event made by an options exchange to options on the Shares traded on that options exchange.

Upon making any such adjustment, the Issuer shall give notice as soon as practicable to the Holders of Products in accordance with Condition 10, stating the adjustment to any Relevant Asset(s) and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or redemption and/or any of the other terms of these Terms and Conditions and/or the applicable Pricing Supplement and giving brief details of the Potential Adjustment Event.

- (b) **"Insolvency"** means that by reason of the voluntary or involuntary liquidation, bankruptcy or insolvency of or any analogous proceeding affecting the Basket Company or Share Company (i) all the Shares of that Basket Company or that Share Company are required to be transferred to a trustee, liquidator or other similar official or (ii) holders of the Shares of that Basket Company or that Share Company become legally prohibited from transferring them.

"Merger Date" means, in respect of a Merger Event, the date upon which all holders of the relevant Shares (other than, in the case of a takeover offer, Shares owned or controlled by the offeror) have agreed or have irrevocably become obliged to transfer their Shares.

"Merger Event" means, in respect of any relevant Shares, any (i) reclassification or change of such Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares outstanding, (ii) consolidation, amalgamation or merger of the Basket Company or Share Company, as the case may be, with or into another entity (other than a consolidation, amalgamation or merger in which such Basket Company or Share Company, as the case may be, is the continuing entity and which does not result in any such reclassification or change of all such Shares outstanding) or (iii) other takeover offer for such Shares that results in a transfer of or an irrevocable commitment to transfer all such Shares (other than the Shares owned or controlled by the offeror), in each case if the Merger Date is on or before, in the case of Physical Delivery Products, the relevant Actual Exercise Date or, in any other case, the final Valuation Date or where **Averaging** is specified in the applicable Pricing Supplement, the final **Averaging Date** in respect of the relevant Products.

"Nationalisation" means that all the Shares or all the assets or substantially all the assets of the Basket Company or Share Company, as the case may be, are nationalised, expropriated or are otherwise required to be transferred to any governmental agency, authority or entity.

If a Merger Event, Nationalisation or Insolvency occurs in relation to a Share, the Issuer in its sole and absolute discretion may take the action described in (i), (ii) or (iii) below:

- (i) determine in its sole and absolute discretion the appropriate adjustment, if any, to be made to any one or more of any Relevant Asset(s) and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or redemption and/or any of the other terms of these Terms and Conditions and/or the applicable Pricing Supplement to account for the Merger Event, Nationalisation or Insolvency, as the case may be, and determine the effective date of that adjustment; or

- (ii) cancel the Products by giving notice to Holders of Products in accordance with Condition 10. If the Products are so cancelled the Issuer will pay an amount to each Holder of Products which shall be the fair market value of a Product or, if a ratio of Products per Relevant Asset(s) is specified in the Pricing Supplement, the fair market value of that number of Products, taking into account the Merger Event, Nationalisation or Insolvency, less the cost to the Issuer of unwinding any Relevant Assets related hedging arrangements plus, if any and already paid, the Exercise Price, all as determined by or on behalf of the Issuer in its sole and absolute discretion. Payments will be made in such manner as shall be notified to the Holders of Products in accordance with Condition 10; or
 - (iii) follow such adjustment to the settlement terms of options on the Shares traded on such exchange(s) or quotation system(s) as the Issuer in its sole discretion shall select (the "**Options Exchange**") and make a corresponding adjustment to any one or more of any Relevant Asset(s) and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or redemption and/or any of the other terms of these Terms and Conditions and/or the applicable Pricing Supplement, which adjustment will be effective as of the date determined by the Issuer to be the effective date of the corresponding adjustment made by the Options Exchange. If options on the Shares are not traded on an options exchange or quotation system, the Issuer will make such adjustment, if any, to any one or more of any Relevant Asset(s) and/or the Entitlement and/or the Exercise Price and/or the Multiplier and/or redemption and/or any of the other terms of these Terms and Conditions and/or the applicable Pricing Supplement as the Issuer in its sole and absolute discretion determines appropriate, with reference to the rules and precedents (if any) set by the options exchange or quotation system selected by the Issuer to account for the Merger Event, Nationalisation or Insolvency, as the case may be, that in the determination of the Issuer would have given rise to an adjustment by the options exchange or quotation system if such options were so traded.
- (c) Upon the occurrence of a Merger Event, Nationalisation or Insolvency, the Issuer shall give notice in accordance with Condition 10 as soon as practicable to the Holders of Products, stating the occurrence of the Merger Event, Nationalisation or Insolvency, as the case may be, giving details thereof and the action proposed to be taken in relation thereto.
- (d) Exchange of Shares for other securities of the relevant Basket Company or Share Company:
- In the event that the relevant Share Company or Basket Company should grant its Holders of relevant Shares the right on a discretionary basis to exchange the relevant Shares for other securities of the relevant Share Company or Basket Company, the Holders of Products shall be duly notified thereof in accordance with Condition 10. Such notification shall include the date after which the Issuer in its absolute discretion, shall have the right to replace the relevant Shares deliverable under the Products by such new securities of the relevant Share Company or Basket Company and such decision shall be binding upon all Holders of unexercised Products.

(C) *Debt Warrants, Debt Certificates, Debt-linked Notes*

(1) **Market Disruption**

"**Market Disruption Event**" in relation to Debt Warrants, Debt Certificates and Debt-linked Notes shall mean the suspension of or limitation imposed on trading of one or more (in the case of a Basket of Debt Securities) Debt Securities specified as Relevant Asset(s), either on the exchange on which the relevant Debt Securities are traded or on any exchange on which options contracts or futures contracts with respect to the Debt Securities are traded if, in the determination of the Issuer, such suspension or limitation is material.

The Issuer shall give notice that a Market Disruption Event has occurred as soon as practicable to the Holders of Products in accordance with Condition 10.

(2) **Adjustments**

If any action is taken in accordance with the terms of one or more (in the case of a Basket of Debt Securities) Debt Securities specified as Relevant Asset(s) which has had a dilutive or concentrative effect on the theoretical value of the relevant Debt Securities or otherwise affects or would affect the rights and entitlements of the Holders of such relevant Debt Securities, the Issuer (i) shall make such adjustment(s) to the redemption, settlement or payment terms of the Products which relate to such relevant Debt Securities as the Issuer determines in its sole and absolute discretion appropriate to account for the effect of such action and (ii) shall determine the effective date(s) of such adjustment(s).

If the Issuer determines in its sole and absolute discretion that on or prior to any Valuation Date, the Settlement Price of the Relevant Asset(s) is not or will not be available anymore, the Issuer may elect to terminate the Products by giving notice to the Holders of Products in accordance with Condition 10 of such situation and the fair market value, as determined by the Issuer in its sole and absolute discretion, of such Products and the fair market value so determined to be payable in respect of a Product shall be payable on the date specified in such notice.

The relevant Pricing Supplement may include provisions specifying adjustments for Relevant Asset(s) not addressed in these Terms and Conditions or amending the adjustments for Relevant Asset(s) specified in these Terms and Conditions.

(D) *Commodity Warrants, Commodity Certificates, Commodity-linked Notes*

(1) **Market Disruption**

"**Market Disruption Event**" in relation to Commodity Warrants, Commodity Certificates and Commodity-linked Notes shall mean the suspension of or limitation imposed on trading of the Commodity or any of the Commodities (in the case of a Basket of Commodities) on either the exchange on which the relevant Commodity/Commodities are traded or on any exchange on which options contracts or commodity futures contracts specified as Relevant Asset(s) are traded if, in the determination of the Issuer, such suspension or limitation is material.

The Issuer shall give notice as soon as practicable to the Holders of Products in accordance with Condition 10 that a Market Disruption Event has occurred.

(2) Adjustments/Termination

In respect of Commodity Warrants, Commodity Certificates or Commodity-linked Notes relating to one, or a basket of, commodity futures or options contracts it shall be provided that if any action is taken in accordance with the terms of one or more (in the case of a Basket of commodity futures contracts) futures contracts specified as Relevant Asset(s) which has had a dilutive or concentrative effect on the theoretical value of such relevant contracts or otherwise affects or would affect the rights and entitlements under such relevant contracts, the Issuer (i) shall make such adjustment(s) to the redemption, settlement or payment terms of the Products which relate to such relevant contracts as the Issuer determines in its sole and absolute discretion appropriate to account for the effect of such action and (ii) shall determine the effective date(s) of such adjustment(s).

If the Issuer determines in its sole and absolute discretion that on or prior to any Valuation Date, the Settlement Price of the Relevant Asset(s) is not or will not be available anymore, the Issuer may elect to terminate the Products by giving notice to the Holders of Products in accordance with Condition 10 of such situation and the fair market value, as determined by the Issuer in its sole and absolute discretion, of such Products and the fair market value so determined to be payable in respect of a Product shall be payable on the date specified in such notice.

The relevant Pricing Supplement may include further provisions specifying adjustments for Relevant Asset(s) not addressed in these Terms and Conditions or amending the adjustments for Relevant Asset(s) specified in these Terms and Conditions.

(E) Currency Warrants, Currency Certificates, Currency-linked Notes

(1) Market Disruption

"Market Disruption Event" in relation to Currency Warrants, Currency Certificates and Currency-linked Notes shall mean (i) the suspension of or limitation imposed on trading of one or more (in the case of a Basket of Currencies) of the currencies specified as Relevant Asset(s) generally or (ii) the impossibility for the Issuer to obtain the currencies or exchange rates to which the Products relate if, in the determination of the Issuer, such suspension or limitation is material.

The Issuer shall give notice as soon as practicable to the Holders of Products in accordance with Condition 10 that a Market Disruption Event has occurred.

(2) Adjustments/Termination

Unless otherwise specified in these Terms and Conditions, the relevant currency/exchange rate to which the Products relate shall be defined in the relevant Terms. If, on or prior to any Valuation Date, the Issuer is or will be unable to obtain the Settlement Price of one or more (in the case of a Basket of Currencies) of the currencies or (ii) the Settlement Price with respect to the exchange rates specified as Relevant Asset(s), the Issuer may rebase the Products against such other currencies/exchange rates determined by the Issuer, in its sole and absolute discretion, to be comparable currencies/exchange rates.

If the Issuer determines in its sole and absolute discretion that there are no such comparable currencies/exchange rates, the Issuer may elect to terminate the Products by giving notice to the Holders of Products in accordance with Condition 10 of such situation and the fair market value, as determined by the Issuer in its sole and absolute discretion, of such Products and the fair market value so determined to be payable in respect of a Product shall be payable on the date specified in such notice.

The relevant Pricing Supplement may include further provisions specifying adjustments for Relevant Asset(s) not addressed in these Terms and Conditions or amending the adjustments for Relevant Asset(s) specified in these Terms and Conditions.

(F) *Additional Terms for Actively Managed Certificates ("AMCs")*

(1) **Definitions**

In this Condition, the following expressions have the following meanings:

"Actively Managed Certificates" ("AMCs") means Products whose Relevant Assets consist of a Reference-Portfolio which is adjusted at the discretion of a Reference-Portfolio Adviser and allows the Holders of the Product to participate of a positive performance of the Reference-Portfolio in a unrestricted manner, and on the other hand, may reflect a negative performance of the Reference-Portfolio. AMCs target Holders of Products which expect a positive performance of the Reference-Portfolio. For a qualification as an AMC, it is negligible whether a given product is (i) directly based on a discretionary managed Reference-Portfolio, or (ii) indirectly based on an index as its Relevant Asset. An index product will in particular be considered an AMC if the index serving as Relevant Asset is fully or partially managed on a discretionary basis or is not able to be freely licensed (e.g. tailor-made indices).

"Adjustments of the Reference-Portfolio" means the rebalancing of the weight of Reference-Portfolio Components or the replacement of Reference-Portfolio Components.

"Dynamic Products" are Products whose Reference-Portfolio which is serving as Relevant Asset may be subject to Adjustments of the Reference-Portfolio to actively or passively determined and objectively comprehensible rules during the term.

"Investment Restrictions" means the Investment Restrictions defined in the Pricing Supplement, if any.

"Investment Strategy" means the precise definitions and specifications set out in the Pricing Supplement which are to be presented in a clear and comprehensible form. The Investment Strategy must be determined in a manner such that the Holders of the Products can clearly understand the strategy and orientation of the Product.

"Investment Universe" contains all securities defined in the section Investment Universe in the Pricing Supplement of a specific Product which may be selected as Reference-Portfolio Components.

"Potential Adjustment Event" has the meaning stated in Condition 17(A) or (B), where applicable.

"Reference-Portfolio" means an actively adjusted Reference-Portfolio, created and maintained by the Reference-Portfolio Adviser which aims to synthetically replicate the performance of a Portfolio consisting of securities which are identical to the Portfolio Components and are managed with an asset allocation and selection identical to the Adjustments of the Reference-Portfolio by the Reference-Portfolio Adviser and according to the Investment Strategy and in line with the Reference-Portfolio Guidelines stipulated in the Pricing Supplement of the specific AMC.

"Reference-Portfolio Adviser" is the adviser responsible for the selection of the Components of the Portfolio and for Adjustments of the Reference-Portfolio and the compliance with the Investment Guidelines.

"Reference-Portfolio Component" means a security which is part of the Reference-Portfolio.

"Reference-Portfolio Guidelines" means the guidelines that are specified in the Pricing Supplement and are applicable to the selection of the Reference-Portfolio Components by the Reference-Portfolio Adviser and to the Adjustments of the Reference-Portfolio.

"Reference-Portfolio Level" means the theoretical value of the Reference-Portfolio calculated as specified in the Pricing Supplement.

(2) Terms

The Terms and Conditions of the Programme are generally applicable for AMCs, unless stated differently as follows or in the Pricing Supplement or if they are not feasible for this type of product.

Dynamic Products may be listed on the SIX Swiss Exchange provided that the criteria that result in a change to the Pricing Supplement (e.g. the exercise price) and/or the Relevant Assets (e.g. rebalancing of individual components of a basket or roll-over in the underlying future) can be defined in advance and described in objective terms (e.g. historical returns, P/E ratio, etc.) in the listing prospectus. These criteria must remain unchanged for the term of the certificate.

Pursuant to the Investment Guidelines only the selection of assets contained in the Investment Universe (as defined in the Pricing Supplement) are permitted as Components of the Reference-Portfolio. The Investment Guidelines and the Investment Universe must be respected upon Fixing and upon Adjustment of the Reference-Portfolio.

The Reference-Portfolio Adviser is free to correct infringements of the Investment Guidelines or the Investment Universe which might possibly occur. No liabilities are assumed by the Reference-Portfolio Adviser or the Issuer for such infringements.

Each Holder of Products has the right to receive a redemption of an amount in the currency of the product according to the Reference-Portfolio Level of the Product, which has been calculated by the Calculation Agent based on the components of the Reference-Portfolio according to the average net selling price of the assets that are reflected by the Reference-Portfolio Components.

If the Issuer or the Lead Manager is acting as Reference-Portfolio Adviser, potential conflicts of interests may arise. Holders of AMCs should be aware of such conflicts of interests. However, the Issuer, the Lead Manager and/or the Reference-Portfolio Adviser will take appropriate measures to deal with potential conflicts of interests.

If the applicable Pricing Supplement indicates that a Reference-Portfolio Adviser (other than the Issuer) is appointed in respect of the Products, it acts solely as Reference-Portfolio Adviser and does not assume any obligation or duty to, or any relationship of agency or trust for or with, the Holders of Products. All Adjustments of the Reference-Portfolio made by the Reference-Portfolio Adviser shall (save in the case of manifest error) be final, conclusive and binding on the Issuer and the Holders of Products.

The Reference-Portfolio Adviser may, with the consent of the Issuer, delegate any of its obligations and functions to a third party as it deems appropriate.

In case of objections or other deviations of the Pricing Supplement and the Terms and Conditions the Pricing Supplement shall have priority.

(3) Adjustments of the Reference-Portfolio

With respect to Potential Adjustment Events Condition 17(A) or (B), are applicable, depending on the Relevant Asset.

The following additional provisions apply for Adjustments of the Reference-Portfolio of AMCs:

- (a) The Reference-Portfolio Adviser selects and adjusts the Reference-Portfolio Components in its sole and absolute discretion and thereby creates the Reference-Portfolio in compliance with the Investment Universe, the Investment Strategy, the Investment Guidelines, and the Investment Restrictions (if any).
- (b) The relevant Pricing Supplement shall include provisions specifying details concerning changes of the Terms and Conditions and/or the Reference-Portfolio Components. Such changes may occur on a regular basis and are regarded as changes of the Terms and Conditions and must be made public in accordance with the Terms and Conditions.
- (c) The Adjustments of the Reference-Portfolio will be made during the respective Trading Day. Breaches of the Investment Guidelines or the Investment Universe shall be corrected within one day after detection. The value of the Product will not be adjusted retrospectively. Neither the Issuer nor the Reference-Portfolio Adviser shall be held responsible for obligations arising from such breaches.
- (d) The Reference-Portfolio Adviser (if different from the Issuer) is responsible for Adjustments of the Reference-Portfolio in case of events with a dilution or concentration effect or similar events. If the Reference-Portfolio Adviser does not decide within reasonable time, the Issuer will decide independently.

(4) Termination of AMCs

AMCs may be open-end structures, i.e. structures which do not have a final due date (expiry). AMCs with open-end structures shall entail a right of cancellation on the part of the Issuer and a right of return in favour of the Holder of the Product as follows:

- (a) The Issuer has the right to terminate the AMC within one month after notification without a specific reason to the last trading day of a month.
- (b) The Holder of the AMC may terminate the AMC within one month after written notification of the Issuer to the last trading day of the month.

18. Adjustments for European Monetary Union

The Issuer may, without the consent of the Holders of Products, on giving notice to the Holders of Products in accordance with Condition 10:

- (i) elect that, with effect from the Adjustment Date specified in the notice, certain terms of the Products shall be redenominated in euro;

The election will have effect as follows:

- (A) where the Settlement Currency of the Products is the National Currency Unit of a country which is participating in the third stage of European Economic and Monetary Union, such Settlement Currency shall be deemed to be an amount of euro converted from the original Settlement Currency into euro at the Established Rate, subject to such provisions (if any) as to rounding as the Issuer may decide and as may be specified in the notice, and after the Adjustment Date, all payments of the Cash Settlement Amount in respect of the Products will be made solely in euro as though references in the Products to the Settlement Currency were to euro;
 - (B) where the Exchange Rate and/or any other terms of these Terms and Conditions are expressed in or, in the case of the Exchange Rate, contemplate the exchange from or into, the currency (the "**Original Currency**") of a country which is participating in the third stage of European Economic and Monetary Union, such Exchange Rate and/or any other terms of these Terms and Conditions shall be deemed to be expressed in or, in the case of the Exchange Rate, converted for or, as the case may be into, euro at the Established Rate; and
 - (C) such other changes shall be made to these Terms and Conditions as the Issuer may decide, in its sole and absolute discretion to conform them to conventions then applicable to instruments expressed in euro; and/or
- (ii) make such adjustments to the Multiplier and/or the Settlement Price and/or the Exercise Price and/or any other terms of these Terms and Conditions and/or the Pricing Supplement as the Issuer, in its sole discretion, may determine to be appropriate to account for the effect of the third stage of European Economic and Monetary Union on the Multiplier and/or the Settlement Price and/or the Exercise Price and/or such other terms of these Terms and Conditions and/or the applicable Pricing Supplement.

Notwithstanding the foregoing, neither the Issuer nor any Agent shall be liable to any Holder of Products or other person for any commissions, costs, losses or expenses in relation to or resulting from the transfer of euro or any currency conversion or rounding effected in connection therewith.

In this Condition, the following expressions have the following meanings:

"Adjustment Date" means a date specified by the Issuer in the notice given to the Holders of Products pursuant to this Condition which falls on or after the date on which the country of the Original Currency first participates in the third stage of European Economic and Monetary Union pursuant to the Treaty;

"Established Rate" means the rate for the conversion of the Original Currency (including compliance with rules relating to rounding in accordance with applicable European Community regulations) into euro established by the Council of the European Union pursuant to first sentence of Art. 1091(4) of the Treaty;

"Euro" means the currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty;

"National Currency Unit" means the unit of the currency of a country, as those units are defined on the date on which the country of the Original Currency first participates in European Economic and Monetary Union; and

"Treaty" means the treaty establishing the European Community, as amended by the treaty on the European Union.

19. Currency Indemnity

Any amount received or recovered in a currency other than the currency in which payment under the relevant Product or Coupon is due (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the winding-up or dissolution of the Issuer or otherwise) by any Holder of Product or Couponholder in respect of any sum expressed to be due to it from the Issuer shall only constitute a discharge to the Issuer, as the case may be, to the extent of the amount in the currency of payment under the relevant Product or Coupon that the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If the amount received or recovered is less than the amount expressed to be due to the recipient under any Product or Coupon, the Issuer shall indemnify it against any loss sustained by it as a result. In any event, the Issuer shall indemnify the recipient against the cost of making any such purchase. For the purposes of this Condition, it shall be sufficient for the Holder of Product or Couponholder, as the case may be, to demonstrate that it would have suffered a loss had an actual purchase been made. These indemnities constitute a separate and independent obligation from the Issuer's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Holder of Product or Couponholder and shall continue in full force and effect despite any other judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Product or Coupon or any other judgment or order.

20. Terms for Share-linked Notes, Index-linked Notes, Debt-linked Notes, Commodity-linked Notes, Currency-linked Notes and Actively Managed Certificates

(A) Coupon (interest)

The Products shall, if applicable, entitle to a Coupon (interest payments) as set forth in the applicable Pricing Supplement. The calculation of the interest amount payable shall be made as set forth in the applicable Pricing Supplement.

(B) Events of Default

If one or more of the following events (herein referred to as **"Events of Default"**) shall have occurred and be continuing for a tranche of Products, each Holder of Products shall have the right to declare all the outstanding Products of such tranche held by such Holder of Products, to be immediately due and payable at an amount determined by the Calculation Agent which, shall have the effect of preserving for the Holders of Products of such tranche the economic equivalent of the obligation of the Issuer to pay or transfer the Cash Settlement Amount or the Entitlement on the Settlement Date, or to take any other measures to protect the interests of the Holders of Products of such tranche:

- (a) failure on the part of the Issuer to pay when due the Cash Settlement Amount or the Entitlement of any of the and Structured Products for such tranche as and when the same shall become due and payable, whether upon redemption or otherwise;

- (b) failure on the part of the Issuer to pay when due any installment of interest upon any Products for such tranche as and when the same shall become due and payable, and such failure shall have continued for a period of 30 days;
- (c) failure on the part of the Issuer to perform or comply with any one or more of its other material obligations under the Products for such tranche which default is not remedied within 90 days;
- (d) either the Issuer is (or is deemed by law or a court to be) insolvent or bankrupt or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of its debts, proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors in respect of any of such debts or a moratorium is agreed or declared in respect of or affecting all or any part of the debts of the Issuer;
- (e) an order is made by any competent court or an effective resolution passed for the winding-up or dissolution of the Issuer, or the Issuer ceases or threatens to cease to carry on all or a substantial part of its business or operations, in each case except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by an Extraordinary Resolution (as defined in Subcondition (C) hereinafter) of the Holders of Products.

(C) Noteholders' Meeting

- (1) A meeting of the Holders of Products (a "**Noteholders' Meeting**") may be convened by the Issuer or shall be convened by the Issuer, if so requested by Holders of Products representing not less than 10 % of the aggregate principal amount of all Products outstanding, but in each case only in the event of the occurrence of an Event of Default under these Conditions such Noteholders' Meeting may consider any amendment or waiver of these Conditions.

If the Issuer fails to convene such a meeting within 21 days the same may be convened by the requisitionists.

- (2) Notice of the Noteholders' Meeting specifying the place, day and hour of meeting shall be given at least 10 days prior to the proposed date thereof (exclusive of the day on which the notice is given and the day on which the meeting is held) by way of one announcement in the newspapers referred to in Condition 10. Such notice shall state generally the nature of the business to be transacted at the meeting thereby convened but (except for an Extraordinary Resolution) it shall not be necessary to specify in such notice the terms of any resolution to be proposed.
- (3) The Noteholders' Meeting shall be held in Zurich and shall be chaired by a representative of the Issuer or if such representative of the Issuer shall not be present within thirty minutes after the time appointed for holding the meeting the Holders of Products present shall choose one of their members to be chairman.
- (4) Resolutions shall only be passed if a quorum of two or more persons holding 25 % or more of the aggregate principal amount of all Products outstanding are present. The quorum at any meeting for passing an Extraordinary Resolution shall be two or more persons holding two thirds or more of the aggregate principal amount of all Products outstanding. Resolutions shall be passed if approved by the absolute majority of votes cast save that an Extraordinary Resolution shall be passed only if approved by three-fourths of votes cast.
- (5) If within thirty minutes after the time appointed for any such meeting a quorum is not present the meeting shall, if convened upon the requisition of Holders of Products, be dissolved. In any other case it shall stand adjourned for such period being not less than 14 days nor more than 28 days, and at such place as may be appointed by the Issuer. At such adjourned meeting two or more persons present holding 10 % or more of the aggregate principal amount of all Products outstanding shall form a quorum, provided that if the business of such adjourned

meeting includes consideration of a proposed Extraordinary Resolution, the quorum shall be two or more persons present holding one-third or more of the aggregate principal amount of all Products for the time being outstanding.

- (6) If within thirty minutes after the time appointed for any such adjourned meeting the respective quorum is not present the meeting shall stand further adjourned for such period being not less than 14 days nor more than 28 days, and at such place as may be appointed by the Issuer and at such further adjourned meeting two or more persons present holding Products (whatever the principal amount of the Products so held by them) shall form a quorum, provided that if the business of such further adjourned meeting includes consideration of a proposed Extraordinary Resolution, the quorum shall be two or more persons present holding one-third or more of the aggregate principal amount of all Products for the time being outstanding.
- (7) Notice of any adjourned meeting or further adjourned meeting shall be given in the same manner as notice of an original meeting and such notice shall state, in the case of an adjourned meeting, that two or more persons present holding 10 % (or in the case of a meeting the business of which includes consideration of a proposed Extraordinary Resolution one-third) or more of the aggregate principal amount of all Products for the time being outstanding will form a quorum, or, in the case of a further adjourned meeting, that two or more persons present (or in the case of a meeting the business of which includes the consideration of a proposed Extraordinary Resolution one-third or more of the aggregate principal amount of all Products for the time being outstanding), shall form a quorum.
- (8) In the absence of a quorum at any such further adjourned meeting, the Issuer shall have the right but not the obligation on behalf of Holders of Products to decide any or all the matters on the agenda of such meeting and such decision shall for all purposes be deemed a valid resolution of such meeting.
- (9) Voting rights of Holders of Products shall be determined according to the principal amount of Products held, each Product giving the right to one vote. Products held by or on behalf of the Issuer or a subsidiary of the Issuer shall have no voting rights and shall be disregarded for the purpose of this Condition 20(C), save that the Issuer shall be entitled to vote in respect of Products held by it for the benefit of and at the direction of an independent third party.
- (10) Any officer of the Issuer and its lawyers and any other person authorised in that behalf by it may attend and speak at any meeting.
- (11) A meeting of the Holders of Products shall have the following powers exercisable by Extraordinary Resolution:
 - to postpone the maturity beyond the stated maturity of the Products, or
 - to reduce the amount of principal payable on any Products, or
 - to take any decision affecting the Coupons, if any, or the method of computation of the interest payable on any Products, or
 - to change any provision for, or the place of, payment contained in the Conditions of the Products or the Settlement Currency of any Products, or
 - to amend or modify or waive the whole or any parts of Conditions 2, 3, 4, 17 and 20, or
 - to waive an Event of Default.
- (12) Any amendments or waivers consented to or approved at a Noteholders' Meeting will be conclusive and binding on all Holders of the Products whether or not they have given such consent or were present at such meeting, and on all future Holders of Products whether or not notation of such amendments or waivers is made upon the Products. Any instrument given by or on behalf of any Holder of a Products in connection with any consent to any such

amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent Holders of such Products.

- (13) Any reference in the Terms to an "Extraordinary Resolution" of the Holders of Products shall be construed as references to resolutions of the Holders of Products passed in accordance with the foregoing provisions of this Condition 20(C) as regards a matter stated in Subcondition (11) above.

FORM OF PRICING SUPPLEMENT

Derivative and Structured Product Programme

[Product Name]

Series No. []

This Pricing Supplement shall form an integral part of the

Offering Circular dated [month] [day], 2013

of

[Neue Helvetische Bank AG]
Zurich, Switzerland

(as "**Issuer**" and "**Lead-Manager**")]

Terms, words and expressions defined in the Offering Circular shall bear the same meaning in this Pricing Supplement. The Products will be issued on the terms of this Pricing Supplement to be read together with the Offering Circular. A copy of the Offering Circular is available free of charge from the registered office of the Issuer.

This Pricing Supplement does not constitute, and may not be used for the purpose of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Products or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

[Date]

1. **Issuer:** Neue Helvetische Bank AG, Seefeldstrasse 215, 8008 Zurich, Switzerland;
2. **Lead Manager, Paying Agent, Calculation Agent, Exchange Agent:** Neue Helvetische Bank AG, Seefeldstrasse 215, 8008 Zurich, Switzerland;
3. the **Method of Distribution** of the Products (syndicated or non-syndicated) including, if syndicated, the names of the Managers;
4. details of the **Relevant Asset or Relevant Asset(s)** to which the Products relate and of the Entitlement (as defined in Condition 3) (in the case of Physical Delivery Products) and in the case of Cash Settled Products relating to a Basket, the multiplier (the "**Multiplier**", each such Multiplier shall be subject to adjustment in accordance with Condition 17(B) in the case of Share(s) as Relevant Asset(s) or as otherwise provided in the Pricing Supplement) to be applied to each item comprising the Basket in order to ascertain the Settlement Price;
5. **General Information on the Relevant Asset(s)**, where applicable:

- (a) **General Designation or Description** of the **Relevant Asset(s)** and in particular:
 - (i) details of the "**Basket of Shares**" (including, but not limited to, the number and type of each Share comprising the Basket) and of the Basket Companies or the single "**Share**" and the issuer of the Share;
 - (ii) details of the "**Basket of Debt Securities**" or the single "**Debt Security**";
 - (iii) details of the "**Basket of Indices**" or the single "**Index**";
 - (iv) details of the "**Basket of Commodities**" or "**Commodity**";
 - (v) details of the "**Basket of Currencies**" or "**Currency**"; and
 - (vi) details of any combination of the above, or other;
 - (vii) further details of the **Relevant Asset(s)** to which the Products relate (if any);
 - (b) **Company Name** and **Domicile** of the issuers of the Relevant Asset(s), where applicable;
 - (c) if available, the **ISIN** of the Relevant Asset(s); otherwise an alternative unique identifier;
 - (d) information on what **Source of the Relevant Asset(s) Price** is used as a basis for the price of the Product. If the Relevant Assets are trading on a stock exchange, the name of this exchange must be given. Information must otherwise be given on where the price-setting mechanism for the Relevant Asset(s) is available to the public;
 - (e) information on which **Price** for the Relevant Asset(s) (e.g. closing price, arithmetical mean price over a specific period) is material in establishing the price of the Product;
 - (f) details of where **Information on the Past Performance** of the Relevant Asset(s) can be obtained.
6. **Additional Information on the Relevant Asset(s)** for Products on equity or debt securities, where applicable:
- (a) if delivery of the Relevant Asset(s) is planned: transferability of the Relevant Asset(s), and any restrictions on tradability, as well as the type of security (e.g. registered paper) in the case of shares;
 - (b) information on where the latest annual reports for the issuer of the Relevant Asset(s) may be obtained free of charge for the term of the Product.
7. **Additional Information on the Relevant Asset(s)** for Products on collective investment schemes, where applicable:
- (a) in the case of collective investment schemes, information on the fund management or issuing company, and details of the composition or investment universe of the collective investment scheme in question;
 - (b) confirmation that the collective investment scheme has been authorised by FINMA for sale in or from Switzerland. Otherwise, a special statement must be made that the collective investment scheme has not been authorised for sale by FINMA.

8. **Additional Information on the Relevant Asset(s)** for Products on indices, where applicable:
 - (a) name of the agency that calculates and publishes the index (index sponsor), as well as details of where information on the method of calculation is available to the public;
 - (b) details of where information on the securities universe and any modifications to composition are available to the public (specifically where and when such adjustments are announced);
 - (c) whether the index in question is a price or performance (total return) index.
9. **Additional Information on the Relevant Asset(s)** for Products on standardised options and futures contracts, where applicable:
 - (a) contract months, including the duration and the expiry, or information on the roll-over mechanism (e.g. roll-over to the corresponding front end future contract);
 - (b) contract unit and price quotation.
10. **Additional Information on the Relevant Asset(s)** for Products on baskets of Relevant Asset(s), where applicable:
 - (a) initial fixing plus the percentage and, where appropriate, shares of the initial weighting of basket securities;
 - (b) if the composition of the basket is subject to predefined or discretionary modifications, then the permitted investment universe must be defined.
11. **Additional Information on Actively Managed Certificates**, where applicable:
 - (a) Actively Managed Certificates ("AMCs") are not collective capital investments within the context of the Federal Act on Collective Investment Schemes (CISA) and are therefore not subject to supervision by FINMA.
 - (b) **Statement regarding Dynamic Structure** [The Issuer must include the following statement on the cover sheet of the Pricing Supplement: "The Product in question is a product with a dynamic structure, which may result in changes to the Product terms and/or to the Reference-Portfolio Components."].
 - (c) details regarding the **Investment Strategy** [the Investment Guidelines and the related Investment Universe of AMCs must be specified in the Pricing Supplement at the time of issuance and may not be altered at any later date without the approval of all investors. The Investment Guidelines and the Investment Universe must be submitted to the Regulatory Board of SIX Swiss Exchange as attachments to the Pricing Supplement. The Issuer, or its authorised delegate, must continuously monitor compliance with the Investment Guidelines and the Investment Universe.];
 - (d) Details regarding the **Investment Universe** [if the composition of the Reference-Portfolio is subject to predefined or discretionary modifications, then the permitted Investment Universe must be defined];
 - (e) **Initial Fixing** plus the percentage and, where appropriate, shares of the **Initial Weighting** of the Reference-Portfolio Components;

- (f) details regarding the **Reference-Portfolio Guidelines** [such information may be provided in the form of an annex to the Pricing Supplement];
 - (g) details regarding the initial weighted **Reference-Portfolio Components**;
 - (h) details regarding the responsibilities of the **Reference-Portfolio Adviser**;
 - (i) details regarding **Investment Restrictions** for the Reference-Portfolio Adviser, where applicable;
 - (j) details regarding **Adjustments of the Reference-Portfolio** [active or passive adjustments by the Reference-Portfolio-Adviser/detailed description of the adjustments ("roll-over")];
 - (k) Details regarding the **Fees** [the Pricing Supplement must contain at minimum the information indicated in the following points:
 - (i) all **Fees** charged by the Issuer and the Reference-Portfolio Adviser must be disclosed [potential adjustment fee, performance fee, annual fee, etc.];
 - (ii) disclosure must be made as to how **dividends** paid on the securities matching to the Components of the Reference-Portfolio are handled;]
 - (l) indication must be given as to the criteria according to which the **rebalancing** of the Components of the Reference-Portfolio is accomplished;
 - (m) details regarding **reinvestments of the returns**;
 - (n) **Redemption Amount** [The Holder of the Product is entitled to receive from the Issuer on the Redemption Date an Amount in the Settlement Currency equal to the Reference-Portfolio Level on the Expiration Date, as calculated by the Calculation Agent];
 - (o) [details regarding the **Reference-Portfolio Level**, where applicable];
 - (p) details regarding **termination rights**.
12. the relevant **Symbol** of the Products;
 13. the **Type** of Products admitted under this Programme, including, but not limited to, all products contained in the Swiss Derivative Map[®], as amended from time to time by the Swiss Structured Products Association (www.svsp-verband.ch);
 14. Products to be represented by a Permanent Global Certificate or as Intermediated Securities (*Bucheffekten*);
 15. if applicable, whether the Products are **Call Products or Put Products**;
 16. if applicable, whether the Products entitle to a **Coupon** and all provisions relating thereto including but not limited to, the method of calculation of the amount of interest payable and the interest payment dates; [N.B. interest portion and premium to be separately outlined for tax purposes; please specify all details as to the calculation of the interest payable, including but not limited to day-count-fraction, denomination (not the same as "**Nominal Amount**" as defined in Section 36 hereinafter).]

17. the **Total Amount** and possible increase;
18. the **number of Products** being issued/**Issue Size**;
19. the **Issue Price** per Product, be it in a currency amount, be it in a percentage;
20. the **Payment Date**, where applicable;
21. the **Denominations** of the Product, where applicable;
22. the **Issue Date** of the Products;
23. if applicable, the exercise price or strike price (the "**Exercise Price**") per Product (which may be subject to adjustment in accordance with Condition 17(B) in the case of Share Certificates and Share Warrants relating to shares) [N.B. This should take into account any relevant multiplier and, in the case of Index Warrants or Index Certificates, must be expressed as a monetary value];
24. **Maturity Date** (the date on which the Product expires) and **Time** of stop trading of the Products;
25. if the Issuer reserves the right to redeem the Product at any time after the payment date and prior to the Settlement Date in whole, but not in part, at an amount determined by the Calculation Agent in consultation with leading market makers to be the fair market value of the Products on the date of such termination ("**Early Termination**");
26. if applicable, whether the Products are **American Style Products**, **European Style Products** or other;
27. if applicable, the exercise date, including the time the Product has to be exercised the latest on such date (the "**Exercise Date**") for the Products (in the case of European Style Products) provided that, if such date is not a Business Day, the Exercise Date shall be the immediately preceding Business Day;
28. if applicable, the exercise period, including the time the Product has to be exercised the latest on the last Business Day of such period (the "**Exercise Period**") in respect of the Products (in the case of American Style Products);
29. the settlement date (the day on which investors become entitled to the Cash Settlement Amount/Entitlement; the "**Settlement Date**" or "**Redemption Date**") for the Products (if different from the definition in Condition 3);
30. if applicable, whether, in addition to any requirements relating to "**Minimum Exercise Number**" or "**Maximum Exercise Number**" as set out below, Products must be exercised in units and the number of Products constituting a unit (the "**Ratio**"), and the Relevant Time and the Valuation Date if different from the definition in the Offering Circular;
31. the **Redemption Details** [if the Redemption Amount must be calculated on the basis of a formula, then the applicable formula(e) must be given.];
32. the **Level of Capital Protection**, where applicable [if the capital protection is tied to conditions, such as reaching, exceeding or falling below certain thresholds, then this fact must be stated. The listing prospectus must also contain information on how the level of capital protection is calculated.];

33. the **Collateral Details**, where applicable;
34. the **Interest Rate/Distributions**, where applicable [for interest-bearing Products and those with planned distributions of investment returns: interest rate and/or planned distribution; in the case of interest-bearing Products and those with planned distributions which have variable interest rates and/or variable distributions, details must also be provided on the interest or distribution periods, as well as the conditions for setting the interest rate or amount to be distributed.];
35. the **Interest Due Dates**, where applicable [for interest-bearing Products and those with planned distributions of investment returns: Date from which interest becomes payable or the date on which the calculation period begins, as well as dates for the payment of interest or distributions, in addition to the "ex" date on which interest or distributions will be paid out.];
36. whether settlement will be by way of cash payment (in case of **Cash Settled Products**) and/or physical delivery (in case of an **Entitlement**);
37. whether the Issuer has the **Option to vary settlement** in respect of the Products, if any, and if different from 2.00 p.m. Zurich time on the second Business Day following the Actual Exercise Date;
38. in case of Share Warrants, Index Warrants, Share Certificates or Index Certificates, the **Ratio**;
39. the settlement currency (the "**Settlement Currency**") for the payment of the Cash Settlement Amount (in the case of Cash Settled Products) or the Disruption Cash Settlement Amount (in the case of Entitlement);
40. the applicable rate of exchange (the "**Exchange Rate**") for conversion of any amount into the relevant settlement currency for the purposes of determining the Settlement Price (as defined in Condition 3) or the Cash Settlement Amount (as defined in Condition 3) and details of how and when such rate is to be ascertained;
41. the minimum number of Products (the "**Minimum Trade Size**") and any integral multiple of Products in excess thereof that can be traded by a Holder of Products;
42. if applicable, the minimum number of Products (the "**Minimum Exercise Number**") and any integral multiple of Products in excess thereof that can be exercised on any day by a Holder of Products;
43. if applicable, the maximum number of Products (the "**Maximum Exercise Number**") that can be exercised on any day by a Holder of Products or group of Holders of Products (whether or not acting in concert) [N.B. not applicable for European Style Products];
44. the relevant **Valoren Number** of the Products;
45. the relevant **ISIN** of the Products;
46. the relevant **Common Code** of the Products;
47. the Products will be listed on SIX Swiss Exchange and traded on SCOACH (where applicable);
48. whether there will be a **Secondary Market**;
49. details of any additional or alternative **Clearance Institution** and details of the appropriate **Clearing Code/Number**;

50. details of any special **Selling Restrictions**;
51. if applicable, for the purposes of Condition 3 and Condition 17(B) (terms for Share Warrants and Share Certificates), details of the relevant Exchange(s) (the "**Exchange(s)**");
52. if applicable, for the purposes of Condition 17(A) (terms for Index Warrants and Index Certificates):
 - (a) details of the relevant Exchange(s) (the "**Exchange(s)**"); and
 - (b) details of the relevant **Sponsor**;
53. if applicable, in relation to Debt Warrants or Debt Certificates, provisions dealing with the situation where one or more of the relevant Debt Securities is redeemed (or otherwise ceases to exist) before the expiration of the relevant warrants or certificates;
54. if applicable, in the case of Cash Settled Products relating to Debt Securities, the nominal amount of the relevant Debt Securities to which the Products relate (the "**Nominal Amount**") which is to be used to determine the Cash Settlement Amount pursuant to Condition 3 and details of the relevant screen page ("**Relevant Screen Page**");
55. if applicable, in relation to Commodity Warrants or Commodity Certificates, the **provisions for the calculation of the Settlement Price** [N.B.: Please distinguish between Settlement Price and Cash Settlement Amount];
56. if applicable, in relation to Currency Warrants or Currency Certificates, details of the Relevant Screen Page, the relevant base currency (meaning the currency in which the Currency Warrants or the Currency Certificates will be issued and traded) (the "**Base Currency**") and the relevant subject currency or currencies (meaning the Currency representing the Relevant Asset(s) in the Currency Warrants or the Currency Certificates) (each a "**Subject Currency**");
57. whether **Averaging** applies to the Products and if so the relevant Averaging Dates and whether in the event of a Market Disruption Event (as defined in Condition 17) occurring on an Averaging Date Omission, Postponement or Modified Postponement (each as defined in Condition 3) will apply (in the case of Debt Warrants, Debt Certificates, Currency Warrants, Currency Certificates or Commodity Warrants and Commodity Certificates, provisions for determining the Averaging Date in the event of Modified Postponement applying will be set out in the applicable Pricing Supplement);
58. provisions for **calculating the Settlement Price** when a Market Disruption Event (if applicable and as defined in Condition 17) occurs on the Valuation Date (as defined in Condition 3) or on an Averaging Date (as defined in Condition 3), as the case may be if different from those outlined in Condition 3;
59. the applicable definition of **Trading Day** (if different from the definition in Condition 3);
60. the applicable Business Day center(s) for the purposes of the definition of "**Business Day**" in Condition 3;
61. [details of the **Calculation, Paying and Exchange Agent** (if other than the Issuer)];
62. a statement that either (i) except as disclosed in the Offering Circular (including any document incorporated by reference therein) there has been no material adverse change in the financial position of the Issuer since the date of the most recently published audited annual financial statements of the Issuer or (ii) gives details of any such material adverse change;

63. a statement that either (i) except as disclosed in the Offering Circular (including any document incorporated by reference therein), the Issuer is not involved in any litigation or arbitration proceedings (nor to the knowledge of the Issuer are any such proceedings pending or threatened) relating to claims or amounts, the resolution of which, in the opinion of the management of the Issuer would have a material adverse effect on its financial position or (ii) gives details of any such proceedings;
64. **Use of Proceeds**, if different than stipulated in this Offering Circular;
65. information on the resolution of the Issuer's board of directors and action of the pricing management committee, authorised by the Issuer's management;
66. **Series number:**
 - (a) the series number of the Products;
 - (b) whether or not the Products are to be consolidated and form a single series with the Products of an existing series;
67. **Applicable Law/Place of Jurisdiction:** Swiss Law/Zurich;
68. confirmation that the Issuer accepts **Responsibility** for the information contained in the Pricing Supplement and that the Issuer has taken all reasonable care to ensure that the facts stated in the Pricing Supplement are true and accurate in all material respects as of the date of the Pricing Supplement and that as of such date there are no other material facts whose omission would render misleading any statement herein, whether of fact or opinion;
69. additional information, if any, on the **Risks** for an investor to buy a Product;
70. specific conditions for structured Notes;
71. any other special conditions, in respect of, and any modification to the Terms and Conditions of the Products;
72. **Type of Quoting;**
73. **Fees;** and
74. **Common Depositary.**

USE OF PROCEEDS

The Issuer intends to use the net proceeds from each issue of Products for general corporate purposes. All or part of the proceeds may be used to maintain positions in certain options or forward contracts or hedging instruments relating to payment obligations resulting from the issuance of the Products.

INFORMATION ON THE ISSUER

1	GENERAL INFORMATION
1.1.	Name, registered office, location Neue Helvetische Bank AG, Seefeldstrasse 215, 8008 Zurich (Switzerland)
1.2	Incorporation, duration The Issuer was incorporated in the Register of Commerce of Zurich on December 3, 2009. Its duration is unlimited.
1.3	System of law, legal form The Issuer has been created according to the Art. 620 and following of the Swiss Code of Obligations (CO) and is subject to the Swiss Federal Law governing Banks and Savings Institutions and the Swiss Federal Law on Stock Exchange and Trading in Securities.
1.4	Purpose <p><i>"The company purposes in particular the activity of the following bank transactions:</i></p> <ul style="list-style-type: none"> <i>a) the asset and wealth advisory;</i> <i>b) the wealth management;</i> <i>c) the provision of family office services;</i> <i>d) the granting of covered and uncovered credits of all kinds, particularly lombard loans, overdraft credits and loans;</i> <i>e) acceptance of moneys in all customary banking forms, except saving deposits;</i> <i>f) the delivery of suretyships, bails and guarantees;</i> <i>g) Purchase and Sale of and trading with foreign currencies and foreign treasury notes, precious metals for own and third-party account;</i> <i>h) Purchase and Sale of and trading with securities for own and third-party account;</i> <i>i) handling of payment transactions;</i> <i>j) handling of the letter of credit business and the debt-collecting business;</i> <i>k) handling of trust transactions;</i> <i>l) Consulting in the field of company financings, corporate mergers as well as company takeovers (corporate finance, mergers & acquisitions);</i> <i>m) Issue of securities, particularly transactions on the capital market.</i> <p><i>The corporation may set up subsidiaries, branches and agencies at home and abroad, hold participations in other companies, and acquire, exploit, administer and dispose of real estate and carry out all acts implicated by its business purpose.</i></p> <p><i>The geographical business circle extends over Switzerland particularly."</i></p> <p>(Art. 2 of the Issuer's company by-laws)</p>
1.5	Register, Date of Registration, Company No. Register of Commerce in Zurich / December 3, 2009 / CH-020.3.034.518-1
1.6	Group NA

2	INFORMATION ON ADMINISTRATIVE, MANAGEMENT AND AUDIT BODIES
2.1	<p>Board of Directors and Management (as of June 21, 2013) / Business Address</p> <p><i>Board of Directors</i></p> <p>Thomas Matter, Chairman Peter Bratschi Marcel Rohner Arno G. Zanetti</p> <p><i>Management</i></p> <p>Daniel Hefti, Chief Executive Officer Thomas Della Casa Rolf Knell Stefan Renold</p> <p><i>Founders</i></p> <p>Matter Group AG (with Thomas Matter as sole shareholder) Tödi Holding AG (with Daniel Hefti as sole shareholder)</p> <p><i>Business address</i></p> <p>For the purposes of this Programme the business address of the members of the board of directors and the management is the registered office of the Issuer.</p>
2.2	<p>Auditors</p> <p>BDO AG (CH-020.3.927.906-5), in Zurich.</p>
3	BUSINESS ACTIVITIES
3.1	<p>Principal activities</p> <p>The principal activities of the Issuer are asset management for private and institutional customers, investment advisory and private banking services, and corporate finance transactions.</p> <p>The asset management services have a focus on discretionary mandates for private clients, entrepreneurs or former entrepreneurs and family offices, tailor-made individual mandates, and activities closely related to it such as investment funds and structured products.</p> <p>The corporate finance services in the Swiss capital market are primarily designed to meet the needs of SMEs and exchange-listed small and mid-cap companies. The Issuer offers a broad spectrum of services, such as equity capital (IPO, public to private, capital increases, share block transactions, share buybacks, stock splits, par value reductions, private placements, etc.), debt capital (bond and convertible bond issues, private placements, etc.), M&A (private and public takeovers, MBOs/LBOs, succession planning, etc.), and further services (participation management, employee participation, market-making mandates, etc.).</p> <p>The advisory services offers an efficient securities trading service in the fixed income, equities, currencies, derivatives and futures segments. NHB is a member of the SIX Swiss Exchange and is linked to other important financial centers by way of electronic trading systems or third-party banks. It provides access to all of the investment instruments available on the market. The advisory services focus on the Swiss capital market.</p>
3.2	<p>Court, arbitral and administrative proceedings</p> <p>The Issuer is not involved in any pending or threatened court, arbitral and administrative proceedings which are of material importance to the Issuer's assets and liabilities or profits and losses.</p>
3.3	<p>Recognised representative of the Issuer</p> <p>Dr. Francois M. Bianchi, Niederer Kraft & Frey Ltd., Zurich, Switzerland, has been appointed as recognised representative pursuant to Art. 43 Para. 1 LR.</p>

4	CAPITAL
4.1	Capital structure (see annexed annual report)
4.2	Outstanding conversion and option rights and bonds (see annexed annual report)
4.3	Own equity securities None
1.5	ANNUAL FINANCIAL STATEMENTS
5.1	Annual financial statements (see annexed annual reports)
5.2	Audit of the annual financial statements (see annexed annual report)
5.2	Balance sheet date (see annexed annual report)
5.4	Information on the Issuer's most recent business performance (see annexed annual report)
5.5	Material changes since the most recent annual financial statements There has been no material adverse change in the financial position or prospects of the Issuer and its subsidiaries taken as a whole, and no significant change in the financial or trading position of the Issuer since the date of the most recently published audited financial statements.

SUBSCRIPTION AND SALE

The Issuer may from time to time agree to issue and place Products. Any such undertaking will extend to those matters stated under the relevant "Form of Pricing Supplement" and "Terms and Conditions of the Products" above.

No action has been or will be taken by the Issuer that would permit a public offering of any Products or possession or distribution of any offering material in relation to any Products in any jurisdiction where action for that purpose is required. No offers, sales, re-sales or deliveries of any Products, or distribution of any offering material relating to any Products, may be made in or from any jurisdiction except in circumstances which will result in compliance with any applicable laws and regulations and which will not impose any obligation on the Issuer.

United States of America, US Persons

No Products of any series have been, or will be, registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"). No Products of any series, or interests therein, may at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Offers, sales, resale's or deliveries of Products of any series, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons would constitute a violation of United States securities laws unless made in compliance with the registration requirements of the Securities Act or pursuant to an exemption therefrom. As used herein, "**United States**" means the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and "**U.S. person**" means (i) an individual who is a citizen or resident of the United States; (ii) a corporation, partnership or other entity treated as a corporation or partnership for federal income tax purposes, organised in or under the laws of the United States, any state thereof or the District of Columbia, or which has its principal place of business in the United States; (iii) any estate which is subject to United States federal income taxation regardless of the source of its income; (iv) any trust if a court within the United States is able to exercise primary supervision over the administration of the trust and if one or more United States trustees have the authority to control all substantial decisions of the trust; (v) a pension plan for the employees, officers or principals of a corporation, partnership or other entity described in (ii) above; or (vi) any other "**U.S. person**" as such term may be defined in Regulation S under the Securities Act. Notwithstanding the preceding sentence, to the extent provided in Treasury regulations, certain trusts in existence on August 20, 1996 and treated as U.S. persons before such date that elect to be so treated shall also be considered U.S. persons.

Each Manager of an issue of Products will be required to agree that it will not at any time offer, sell, resell or deliver, directly or indirectly, Products of such series in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any such U.S. person. Any person purchasing Products of any series must agree prior to its initial purchase of Products of such series that (i) it will not at any time offer, sell, resell or deliver, directly or indirectly, any Products of such series so purchased in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person, (ii) it is not purchasing any Products of such series for the account or benefit of any U.S. person and (iii) it will not make offers, sales, re-sales or deliveries of any Products of such series (otherwise acquired), directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Each Manager of an issue of Products will also be required to agree, and any person purchasing Products of such series must agree, to send each person who purchases any Products of such series from it a written confirmation (which shall include the definitions of "**United States**" and "**U.S. persons**" set forth herein) stating that the Products have not been registered under the Securities Act and stating that such purchaser agrees that it will not at any

time offer, sell, resell or deliver Products, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person. Any person exercising a Product will all in accordance with the applicable Terms and Conditions be required to represent that it is not a U.S. person.

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive or for which the provisions of the Prospectus Directive have direct effect under local Law because that Member State has not implemented the Prospectus Directive in time (each, a "**Relevant Member State**"), the purchaser represents and agrees with the Issuer that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Products to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of Products to the public in that Relevant Member State:

- (1) in (or in Germany, where the offer starts within) the period beginning on the date (or in Austria, in the period beginning on the first day following the banking day (*Bankarbeitstag*)) of publication of a prospectus in relation to those Products which have been approved by the competent authority in that Relevant Member State in accordance with the Prospectus Directive or, where appropriate, approved in another Member State and notified to the competent authority in that Relevant Member State in accordance with Art. 18 of the Prospectus Directive and ending on the date which is 12 months after the date of such publication;
- (2) at any time to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (3) at any time to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43,000,000 and (3) an annual turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or
- (4) at any time in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Art. 3 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Products to the public" in relation to any Products in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Products to be offered so as to enable an investor to decide to purchase or subscribe the Products, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression "**Prospectus Directive**" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

France

The purchaser represents, warrants and agrees with the Issuer that, with respect to anything done by it in relation to the Products in, from or otherwise involving France, (1) it is responsible for advising investors, assessing suitability of the Products for the purchaser, and the disclosure of risks related to an investment in Products; and (2) it shall only market the Products in situations where (a) the transaction is for a minimum amount of €50,000 or (foreign currency equivalent thereof); or (b) the Products are marketed to "qualified investors" or to 100 or less "investors" in France, or such other number of "investors" which may be agreed upon from time to time between the parties. For the avoidance of doubt, the terms defined in this paragraph take the same meanings ascribed to them in

Art. D.441-1 of the French Monetary and Financial Code, in the context of a private placement to the extent they each act for the own account.

The purchaser shall not infringe any regulation/rule of the *Autorité des Marchés Financiers*.

United Kingdom

All applicable provisions of the Financial Services and Markets Act 2000 (the "FSMA") must be complied with in respect to anything done in relation to any Products in, from or otherwise involving the United Kingdom.

Each Manager of an issue of Products has represented and agreed that:

- (1) it is a persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses and it has not offered or sold and will not offer or sell the Products other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses where the issue of the Products would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 by the Issuer;
- (2) it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Products in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (3) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to such Products in, from or otherwise involving the United Kingdom.

Bahamas

The direct or indirect ownership of Products, or the offering of Products to a "Bahamian Person" (as defined below) is prohibited.

For purposes of the applicable prohibitions against ownership and transfer of Products, the term "Bahamian Person" means:

- a) Bahamian citizens (including those persons who are naturalised citizens) living in The Bahamas;
- b) Temporary residents [i.e. foreign nationals who hold work permit/contractual workers (this includes their spouse)] whose source of income is earned in The Bahamas;
- c) Permanent residents (i.e. foreign nationals who have applied for residency to live in The Bahamas) whose source of income is earned in The Bahamas;
- d) Companies incorporated in The Bahamas wholly owned by Bahamians and operating/doing business in The Bahamas;
- e) Companies incorporated in The Bahamas wholly owned by Bahamians and/or Naturalised citizens and/or Permanent residents with the unrestricted right to work, and operating/doing business in The Bahamas;

- f) Companies incorporated in The Bahamas which is wholly or partly owned by Economic Permanent Residents, and operating/doing business in The Bahamas;
- g) Companies incorporated in The Bahamas which is owned by residents [i.e. Bahamians and/or Naturalised citizens and/or Permanent residents with the unrestricted right to work (living in The Bahamas)] and non-residents and/or temporary residents and operating/doing business in The Bahamas;
- h) International business company ("**IBCs**") incorporated in The Bahamas, owned by residents and operating in The Bahamas;
- i) IBCs incorporated in The Bahamas, owned by residents and/or non-residents and/or temporary residents, and operating in The Bahamas;
- j) Branches of companies incorporated outside The Bahamas, and operating in The Bahamas;
- k) Companies incorporated in The Bahamas or elsewhere, owned by residents and non residents, and operating outside of The Bahamas.

A non-Bahamian investor holding an account in The Bahamas is considered as "non-resident".

Singapore

The purchaser represents, warrants and agrees with the Issuer that it will not offer or sell any Products, by means of any document, whether directly or indirectly, to persons in Singapore other than (i) to "institutional investors" under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to "relevant persons" pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA; provided that where Products are offered or sold under Section 275 of the SFA to a "relevant person" which is (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor; shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within 6 months after that corporation or that trust has acquired the Products pursuant to an offer made under Section 275 of the SFA except, (1) to an "institutional investor" (for corporations, under Section 274 of the SFA) or to a "relevant person" defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than \$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA; (2) where no consideration is or will be given for the transfer; or (3) where the transfer is by operation of law.

Switzerland

Any Pricing Supplements, Term Sheet/Simplified Prospectus, fact sheets, or any other marketing material of Products which are to be sold exclusively to qualified investors according to Art. 10 Para. 3 or 4 CISA (the "**Qualified Investors**") in the form of a private placement may not be distributed, copied, published or otherwise made public.

Any Products which are intended to be publicly offered, respectively, distributed to non-qualified investors according to Art. 5 Para. 1 CISA (the "**Non-Qualified Investors**") may only be offered or advertised in accordance with the provisions of the Swiss Federal Act on Collective Investment Schemes (CISA) and the Swiss Federal Ordinance on Collective Investment Schemes (CISO). In particular, the Simplified Prospectus must comply with the requirements of a simplified prospectus according to Art. 5 Para. 2 CISA and the Swissbanking Guidelines on Informing Investors about Structured Products (as amended from time to time). The Simplified Prospectus must be provided to any interested person free of charge in an indicative version before subscription. At the point in time when the Products are issued or the products are purchased the Simplified Prospectus must be provided to any interested person free of charge in its final version.

General

With regard to each issue of Products, each Manager will be required to comply with such other additional restrictions as the Issuer shall agree and as shall be set out in the applicable Pricing Supplement.

TAXATION

Purchasers of Products may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price of each Product.

Potential purchasers who are in any doubt about the tax position of any aspect of transactions involving Products should consult their own tax advisers.

Transactions involving Products may have tax consequences for potential purchasers which may depend, amongst other things, upon the status of the potential purchaser and laws relating to transfer and registration taxes.

Condition 11 should be considered carefully by all potential purchasers of any Products.

Taxation in Switzerland

The following summary does not purport to be a comprehensive description of all Swiss tax considerations that may be relevant to a decision to purchase, own or dispose of the Products and, in particular, does not consider specific facts or circumstances that may apply to a particular purchaser. It is for general information only and does not discuss all tax consequences of an investment in Products under the tax laws of Switzerland. This summary is based on the tax laws of Switzerland currently in force and as applied on the date of this Offering Circular which are subject to changes (or changes in interpretation) which may have retroactive effect. Prospective purchasers are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Products in the light of their particular circumstances.

Swiss Income Tax

Swiss Resident Holders of Products

Swiss residents receiving periodic interest payments during the investment or at redemption as one-time-interest generally must include these interest payments in their financial statements and/or in their income tax returns and owe individual income tax or corporate income tax on the relevant amounts.

Products which are not straight debt instruments but have components of debt instruments and derivatives intertwined generally qualify as combined instruments. The tax treatment of such Products depends on whether the Products are considered as transparent or not for Swiss income tax purposes.

If the Product is considered as not transparent for Swiss income tax purposes, any amount received by the Holder of the Product (upon sale, laps, exercise or redemption) in excess of the amount invested (at issue or upon purchase) is treated as taxable income in the hands of the Holder of the Product if the Product qualifies as a note with predominant one-time interest payment. If the Product does not qualify as a note with predominant one-time interest payment, the Holder of the Product is subject to tax on the periodic interest payments and (at redemption) on the difference between initial issuance price and the redemption price. For the purpose of determining whether the Product is a note with predominant one-time interest payment the difference between initial issuance price and the redemption price is treated as one-time interest.

If the Product is considered as transparent for Swiss income tax purposes, it will be split notionally in a debt instrument and a derivative instrument component. Gains or losses on the derivative instrument component are treated as capital gains or losses (see below). Interest payments received during the investment, at laps or exercise or at redemption as one-time interest related to the debt instrument component are treated as taxable income in the hands of the Holder of the Product. Such a treatment is also applicable for the purpose of determining whether the Product is a note with predominant one-time interest payment.

The Product is generally considered as transparent if the debt and the derivative components are traded separately or if the different elements of the Product (such as the guaranteed redemption amount, the issuance price of the debt component, the interest rates determining the issuance price of the debt component) are separately stated in the sales documentation as well as in the offering prospectus and if each one of such components is separately evaluated. Such evaluation has to be performed through calculations of financial mathematics determining the intrinsic value of the debt instrument and the derivative instrument components contained in the Product. In particular, the calculations have to determine the notional issuance price of the debt instrument, based on an interest rate taken into account by the Issuer which has to be at market value. The Swiss Federal Tax Administration has to approve such calculations. Such calculations have to be reviewed on a quarterly basis in order to take into account the evolution of the interest rates. If the tax authorities are not provided with sufficient information the Products can be treated as not transparent. Products with prevalent structures but for which the Issuer does not provide the information allowing to distinguish the different elements of a product as described above are made transparent in retrospect by the tax authorities, banks or other channels of distribution if the following requirements are fulfilled: (a) the Issuer of the product must have at least a single-A-rating; and (b) the product at hand has to be admitted to official quotation at the commercial exchange market or, at least, a market maker has to insure liquid trading of the product at hand. Liquid trading by a market maker is a condition that the key data of the product can be used as credible basis of calculation.

Products which are linked to Relevant Assets, such as bonds, shares, or baskets of such assets may also be treated, under certain circumstances, as direct investments in bonds, shares or in an investment fund. Products linked to a basket of investment funds may be treated as an investment in an investment fund.

Products in the form of reverse convertibles linked to shares, precious metals and commodities with no guaranteed payments and a duration of less than or equal to one year may be treated as straight derivatives.

Non-Swiss Resident Holders of Products

Non-Swiss Resident Holders of Products are subject to the applicable tax laws and regulations of their home country. They may not be subject to Swiss income tax.

Capital Gains

Swiss Resident Private Holders of Products

Swiss resident Holders of Products who do not qualify as so-called professional securities dealer for income tax purposes (*gewerbsmässiger Wertschriftenhändler*) and who hold the Products as part of their private (as opposed to business) assets are hereby defined as Swiss Resident Private Holders of Products.

Swiss Resident Private Holders of Products realise a tax free capital gain upon the disposal of Products which do not qualify as notes with predominant one-time interest payment and realise taxable income if the Products qualify as notes with one-time predominant interest payment.

The tax treatment of capital gains on Products which qualify as combined instruments (see above) depends on whether the Product qualifies as tax transparent or not. Products which are not transparent for Swiss income tax purposes (see above) generally qualify as notes with predominant one-time interest payment and are treated as such. Products which qualify as tax transparent are notionally split into a debt instrument and a derivative instrument component. The debt instrument component follows the usual tax treatment either as note with predominant one-time interest payment or as note with no predominant one-time interest payment as applicable. Capital gains arising from the

derivative instrument component of transparent Products are generally not subject to income tax in the hands of Swiss Resident Private Holders of Products.

With respect to capital gains arising from Products linked to Relevant Assets, such as investment funds, bonds, shares or baskets of any of them see above under "Swiss Income Tax – Swiss Resident Holders of Products".

Swiss Resident Business Holders of Products

Gains realised on the sale of Products, by Swiss resident individual Holders of Products holding the Products as part of their business assets as well as by Swiss resident legal entity Holders of Products, are part of their business profit subject to individual income tax or corporate income taxes, respectively. The same applies to Swiss Resident Private Holders of Products who qualify as so-called professional securities dealer (*gewerbsmässiger Wertschriftenhändler*).

Non-Swiss Resident Holders of Products

Under present Swiss tax law, a Holder of Products who is a non-resident of Switzerland and who, during the taxable year has not engaged in trade or business through a permanent establishment or a fixed place of business within Switzerland and who is not subject to taxation in Switzerland for any other reason, will not be subject to any Swiss federal, cantonal or municipal income tax on interest or gains realised on sale or redemption of the Products.

Swiss Stamp Duties

The issuance of the Products is not subject to Swiss transfer stamp duty. The subsequent sale or transfer of the Products with a duration of more than one year, whether by Swiss resident or non-resident Holders, may be subject to Swiss transfer stamp duty at the current rate of up to 0.15 per cent., as well as the SIX Swiss Exchange turnover fee (including the Swiss Financial Market Supervisory Authority FINMA surcharge), both calculated on the purchase price or the sales proceeds, respectively, if such sale or transfer occurs through or with a Swiss or Liechtenstein bank or another Swiss securities dealer as defined in the Swiss Stamp Tax Act and no exemption applies. The same applies in case of physical delivery of the Relevant Asset(s) being a taxable security in the meaning of the Swiss Stamp Tax Act at redemption.

Swiss Withholding Tax

All payments of interest (being periodic or one-time) in respect of the Products by a Swiss resident Issuer may be subject to the Swiss withholding tax (*Verrechnungssteuer*) currently at a rate of 35 per cent. The Issuer is obliged to deduct Swiss withholding tax from the interest payment and to pay the tax to the Swiss Federal Tax Administration.

A beneficiary of Products who is resident in Switzerland is eligible for a full refund or credit against income tax of the Swiss federal withholding tax, if he duly reports the underlying income in his financial statements or income tax return, as the case may be.

A non Swiss resident beneficiary of Products may be entitled to a total or partial refund of the Swiss federal withholding tax if such beneficiary is entitled to claim the benefits with regard to such an interest payment of a bilateral treaty for the avoidance of double taxation between Switzerland and his or her country of tax residency.

On 24 August 2011 the Swiss Federal Council issued draft legislation, which, if enacted, may require Swiss paying agents as defined by the revised Swiss law on withholding tax to deduct Swiss federal withholding tax at a rate of 35 per cent. on any payment of interest in respect of a Product to an individual resident in Switzerland or to any person (not only an individual) resident outside of

Switzerland. If this legislation or similar legislation were enacted and an amount of, or in respect of, Swiss federal withholding tax were to be deducted or withheld from that payment, neither the Issuer nor the Paying Agent would be obliged to pay additional amounts with respect to any Product as a result of the deduction or imposition of such Swiss federal withholding tax.

Swiss EU Tax Retention

Switzerland has introduced a tax retention on interest payments or similar income paid by a Swiss paying agent as defined in Articles 1 and 6 of the Agreement between the European Community and the Swiss Confederation providing for measures equivalent to those laid down in Council Directive 2003/48/EC on taxation of savings income in the form of interest payments (the "**Agreement**") to the beneficial owner who is an individual and resident in the EU as of 1 July 2005, unless the interest payments are made on debt-claims issued by debtors who are residents of Switzerland or pertaining to permanent establishments of non-residents located in Switzerland. The tax retention may be withheld at the rate of 35 per cent. The beneficial owner of the interest payments may be entitled to a credit for or a refund of the tax retention if certain conditions are met. The Swiss paying agent may be explicitly authorised by the beneficial owner of the interest payment to report interest payments to the Swiss Federal Tax Administration. Such report will then substitute the tax retention.

Holders of Products should note that neither the Issuer nor the Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Product as a result of the deduction or imposition of the Swiss EU tax retention.

Final Withholding Tax

Recently, Switzerland concluded agreements with the United Kingdom and Austria on a final withholding tax (*Abgeltungssteuer*). The agreements with the United Kingdom and Austria have entered into force on January 1, 2013.

The agreements provide that persons resident in the United Kingdom or Austria, respectively can with respect to their then existing banking relationships in Switzerland (which at that time might include the investment in or payments of interest under the Products or capital gains realised on the disposal of Products) retrospectively either voluntarily disclose their Swiss bank accounts to the tax authorities of the United Kingdom or Austria, respectively or make a one-off-flat rate tax payment for the past with respect to those accounts.

Persons resident in the United Kingdom or Austria, respectively receiving future investment income (such as among others payment of interest under the Products) or realising capital gains (such as among others on the disposal of Products) on their Swiss bank accounts can either opt for a voluntary disclosure of their Swiss bank accounts and the assets held with Swiss banks to the competent tax authorities of the United Kingdom or Austria, respectively or opt for a final withholding tax that will be deducted by the Swiss bank on such investment income or capital gains. In the latter case, the Swiss bank will have to remit the final withholding tax to the Swiss Federal Tax Administration which in turn will remit the final withholding tax to the competent tax authorities of the United Kingdom or Austria, respectively. All agreements on final withholding taxes provide for a carve-out for interest payments to the extent such interest payments are subject to the EU Savings Tax for Swiss paying agents.

Switzerland might conclude similar agreements on final withholding taxes with other countries. Greece has requested to start negotiations on the conclusion of a similar agreement and other countries might be interested to follow. For the avoidance of doubt, should the Issuer, any Swiss paying agent or any institution where the Products are deposited be required to withhold any amount as a direct or indirect consequence of these tax agreements, then, there is no requirement for the Issuer or the Paying Agent to pay additional amounts as a result of the deduction or imposition of such final withholding tax.

GENERAL INFORMATION

(1) Authorisation

The establishment of the Programme and issues of Products thereunder have been duly authorised by the Issuer according to its Administrative Regulations.

(2) Registration

The Issuer has obtained all necessary consents, approvals and clearances of the governmental authorities of the Switzerland required and obtainable for the issue of the Products and for the performance of all its obligations thereunder.

(3) Documents Available

From the date hereof and so long as Products are capable of being issued under the Programme, copies of the following documents will, when published, be available from the registered office of the Issuer:

- (i) the constitutional documents of the Issuer;
- (ii) the financial statements of the Issuer in respect of the two financial years preceding the date of this Offering Circular and the most recently published audited annual financial statements, quarterly financial statements and interim earnings reports (if any) of the Issuer;
- (iii) this Offering Circular;
- (iv) a Term Sheet/Simplified Prospectus (where applicable) in the form of Annex 3 hereto which may be amended from time to time; and
- (v) any future offering circulars, information memoranda and supplements to this Offering Circular (save that a Pricing Supplement relating to any Product will only be available for inspection by a Holder of such Product and such Holder must produce evidence satisfactory to the Issuer as to the identity of such Holder) and any other documents incorporated herein or therein by reference.

(4) Clearing Systems

The Products have been accepted for clearance through the Clearance Institutions. The appropriate Valoren Number, ISIN and common code for each issue of Products will be specified in the applicable Pricing Supplement. If any Products are to be cleared through an additional or alternative clearing system the appropriate information will be specified in the applicable Pricing Supplement.

(5) Auditors

The auditor of the Issuer is BDO AG, Switzerland. BDO has given and not withdrawn its agreement to the inclusion or incorporation by reference in this Offering Circular of its report on the financial statements of the Issuer as of and for the years ended December 31, 2012 and December 31, 2011.

(6) Interim Statements

The Issuer publishes semi-annual interim financial statements.

(7) Material Change

Except as disclosed herein, there has been no significant change in the financial or trading position of the Issuer taken as a whole since the date of the most recently published audited

annual financial statements of the Issuer and there has been no material adverse change in the financial position or prospects of the Issuer since that date.

(8) Litigation

Except as disclosed herein, the Issuer is not and has not been involved in any legal, arbitration or other proceedings (nor, so far as the Issuer is aware, are any legal, arbitration or other proceedings pending or threatened involving the Issuer) which may have or have had during the 12 months prior to the date of this Offering Circular a material effect on the financial position of the Issuer and its subsidiaries taken as a whole.

(9) Updating of this Offering Circular

The Issuer will, as long as any Product remains outstanding, in the event of any material change in its financial condition which is not reflected in this Offering Circular, prepare a supplement to this Offering Circular or publish a new offering circular for use in connection with any subsequent issue of Products. If the terms of the Programme are modified or amended in a manner which would make this Offering Circular, as supplemented, inaccurate or misleading, a new or supplemental offering circular will be prepared.

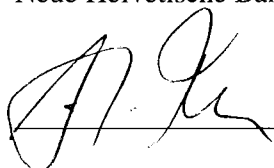
(10) Responsibility for Documentation

The Issuer accepts responsibility for all information contained in this prospectus and has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects and that there are no other material facts, the omission of which would make misleading any statement herein, whether of fact or opinion. The Issuer has taken all reasonable care to ensure that the facts stated herein are true and accurate in all material respects as of the date of this Offering Circular and that as of such date there are no other material facts whose omission would render misleading any statement herein, whether of fact or opinion. Unless explicitly specified by the Issuer, or stated by applicable laws, the Issuer may not be held responsible for any loss or damage suffered by the purchaser of the Products in connection with an investment in the Products.


Each investor contemplating purchasing Products should make its own independent investigation of the risks involved in an investment in the Products. Neither this document nor any other information supplied in connection with the Products constitutes any kind of investment advice.

Zurich, June 16th, 2013

Neue Helvetische Bank AG



Stefan Renold



Thomas Maag

ANNEX 1: ANNUAL REPORT 2012

ANNEX 2: ANNUAL REPORT 2011

ANNEX 3: FORM OF TERM SHEET/SIMPLIFIED PROSPECTUS (as amended from time to time)

[Product Name]

Final Termsheet / Simplified Prospectus

Subscription Period
until •

1. Product Description

Brief Description

	[•]. [Please insert a brief and easily understandable description of the product]
	This product is a structured (financial) product. It is not a collective investment scheme as defined in the Collective Investment Schemes Act (CISA) and is neither subject to the approval nor to the supervision of the Swiss Financial Market Supervisory Authority (FINMA).

Product Details

Relevant Asset(s)	[•] [Please indicate the relevant stock exchange]
Relevant Asset(s) reference page	[Bloomberg •]
Participation	[•]% of the performance
Protected Redemption	[•]% of the invested capital, i.e. [•] per unit
Security no./ISIN	[•]/ [•]
Currency	[•]
Issue Price	[•] per unit
Issue size	[•]
Minimum Subscription Size	[•]
Minimum Trade Size / Ratio	[•]
Initial Fixing Date	[•]
Strike Price	[100]% of the official closing price of the [•] on the Initial Fixing Date
Payment Date	[•]
Last Trading Date	[•]CET
Final Fixing Date	[•]
Final Fixing Price	[•]% of the official closing price of [•] on the Final Fixing Date
Exercise	[European Style] [American Style]
Redemption Date	[•]
[Issuer's Early Redemption]	The Issuer has the right to recall the TC at any time and to reimburse it according to the Redemption procedure.]
Listing	[•] Listing on SIX Swiss Exchange for trading on SCOACH or none]
Redemption	[•] [redemption features to be inserted] (Cash Settlement Amount or Entitlement) [if the redemption amount must be calculated on the basis of a formula, then the applicable formula(e) must be given.]
[Coupon]	[•]
[Type of quoting]	[•] In the case of Products with an interest component, such as reverse convertibles, information on whether the Product will be traded or quoted including accrued interest or whether the accrued interest will be shown separately (flat/dirty trading or clean trading).]

Additional Information

Issuer	[Neue Helvetische Bank AG, Zurich (Switzerland) (regulated under the Swiss Banking Law and under the supervision of the Swiss Financial Market Supervisory Authority FINMA) [If the structured product is not issued or guaranteed by a regulated intermediary as defined in Art. 5 Para. 1a CISA, such fact must be disclosed here]
Paying Agent	[Neue Helvetische Bank AG, Zurich (Switzerland)]
Issuer's Rating	[None]
Lead Manager / Calc. Agent	[Neue Helvetische Bank AG, Zurich (Switzerland)]
Issue Size	[●] (can be increased or decreased at any time)
Issue Form	[Uncertificated securities] [permanent]
Settlement	Cash settlement in [●]
Clearing	SIS, Euroclear, Clearstream [(Global Certificate is deposited with SIS)]
Sales Restrictions	USA, US Persons, UK, Bahamaian Persons, EEA
Secondary Market Trading	The Issuer provides a continuous secondary market trading with 1% spread under normal market conditions. Trading hours 09:15h - 17:15h CET. Even though ... provides a continuous secondary market, the liquidity/tradability in the secondary market may be restricted. For real-time prices see our Internet site http://www.[●] .
Index Sponsor	[●]
Index Disclaimer	[●]
Additional fees payable post issue	[● None]
Additional Information	[this product falls into the category ● of the Swiss Derivatives Map®, as amended from time to time by the Swiss Structured Products Association]
Applicable law and place of jurisdiction	Swiss law / Zurich
Material changes since the most recent annual financial statements	[There has been no material adverse change in the financial position or prospects of the Issuer and its subsidiaries taken as a whole, and no significant change in the financial or trading position of the Issuer since the date of the most recently published audited financial statements.]

Addresses

Information/Trading (only for external investors)	Advisory/Selling (only for internal investors)
[●]	[●]

On this website, unforeseen changes to the conditions for the structured product which were not agreed contractually but which arise during the product's term will be announced.

2. Prospects for Profit and Loss

Brief Description

[●]. [Please insert prospects for profit and loss].

3. Risk Information

Tax Information

Disclaimer All tax relevant information contained in this document is purely indicative and based upon a diligent analysis of the laws and regulations applicable on the date this document is issued and any other information available to the Issuer considered to be reliable. The Issuer explicitly excludes all and any liability in respect of any tax implications based upon the information contained in this document. The Issuer cannot be held responsible for any tax matter arising from any investment made in this product. The investors only will be liable for all current and future taxes and duties. All investors should therefore consult their legal and tax advisors on the tax implications of buying, holding and selling this financial product taking into account their particular circumstances.

Evaluation [●]

Risk Information

This product is a structured (financial) product; it is not a collective investment scheme as defined in the Collective Investment Schemes Act (CISA) and therefore it is not subject to the approval or supervision of the Swiss Financial Market Supervisory Authority FINMA. Considerable risks are associated with investments in structured products. It is therefore the investor's duty to seek the professional and independent advice of a trusted financial adviser. No investor should invest in this product before having understood the risks associated with it and its suitability compared to the investor's financial condition.

Issuer Risk The value of structured products may depend not only on the performance of the Relevant Asset(s), but also on the creditworthiness of the Issuer, which may change during the term of the structured product. The investor is exposed to the risk of default of the issuer.

Unlike in a collective investment scheme, investors in structured products are not protected by a segregated pool of assets upon the Issuer's bankruptcy. Accordingly, the investment instrument's value is not only dependent on the development of the Relevant Asset(s) or values covered by the Relevant Asset(s), but also on the creditworthiness of the Issuer, which may vary over the term of the structured product.

In case of the Issuer's insolvency or bankruptcy the investors in structured products may lose their entire investment. This Product is a direct, unconditional and unsecured obligation of the Issuer and ranks equally with all other direct, unconditional and unsecured obligations of the Issuer.

Market Risk The general market performance of securities is dependent, in particular, on the development of the capital markets which, for their part, are influenced by the general global economic situation as well as by the economic and political framework conditions in the respective countries (so-called market risk).

Changes to market prices such as interest rates, commodity prices or corresponding volatilities may have a negative effect on the valuation of the Relevant Asset(s) or the structured product. There is also the risk of market disruptions (such as trading or stock market interruptions or discontinuation of trading) or other unforeseeable occurrences concerning the respective Relevant Asset(s) and/or their stock exchanges or markets taking place during the term or upon maturity of the structured products. Such occurrences can have an effect on the time of redemption and/or on the value of the structured products.

Secondary Market Risk Under normal market conditions, the issuer or the lead manager intend to post bid- and ask-prices on a regular basis. However, neither the Issuer nor the lead manager is under any obligation with respect to investors to provide such bid- and ask-prices for specific order or securities volumes, and there is no guarantee of a specific liquidity or of a specific spread (i.e. the difference between bid- and ask-prices), for which reason investors cannot rely on being able to purchase or sell the structured products on a specific date or at a specific price.

[● An investment in [●] is protected at a certain level at maturity. Nevertheless, during its lifetime, the product might trade below the guaranteed redemption.]

Furthermore we refer to our brochure "Special risks in securities trading" available free of charge from the Issuer.

Notice

This termsheet constitutes a Simplified Prospectus for the issue of structured products according to Art. 5 CISA respectively Art. 4 CISO. It does not constitute a prospectus in the sense of Art. 652a resp. Art. 1156 of the Swiss Code of Obligations.

This termsheet has been prepared by the Issuer. It does not represent a recommendation to invest in the depicted product or in any of the securities mentioned therein. The Issuer cannot guarantee the completeness and accuracy of the information contained in the present termsheet and waives therefore any liability associated with it. The distribution of this document may be restricted by local law or regulation in certain jurisdictions. It is not intended for distribution to or for the use by any person or entity in any such jurisdiction. All binding legal documentation is available free of charge from the Issuer.

All telephone calls are recorded - agreement is assumed on calling.

ISSUER
Neue Helvetische Bank AG
Seefeldstrasse 215
8008 Zürich
Switzerland

CALCULATION AGENT
Neue Helvetische Bank AG
Seefeldstrasse 215
8008 Zürich
Switzerland

SWISS LEGAL ADVISER TO THE ISSUER
Niederer Kraft & Frey Ltd
Bahnhofstrasse 13
8001 Zurich
Switzerland